CHILD CARE AND SMALL BUSINESS

HEARING

BEFORE THE

SUBCOMMITTEE ON REGULATION AND BUSINESS OPPORTUNITIES

OF THE

COMMITTEE ON SMALL BUSINESS
HOUSE OF REPRESENTATIVES

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CHILD CARE AND SMALL BUSINESS

SATURDAY, MARCH 5, 1988

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON REGULATION AND
BUSINESS OPPORTUNITIES,
COMMITTEE ON SMALL BUSINESS,
Portland, OR.

The subcommittee met, pursuant to notice, at 10 a.m., council chambers, Portland City Hall, Portland, OR, Hon. Ron Wyden (chairman of the subcommittee) presiding.

Present: Chairman Wyden and Representative DeFazio.

Chairman WYDEN. The Subcommittee on Regulation and Business Opportunities convenes this morning to discuss a topic that's on the lips of practically every parent in Oregon, and that's the need for affordable, quality child care. In our State alone at least 220,000 youngsters under the age of 10 have working mothers and need child care. More than $300 million is spent every year on these services in our State.

Today, our subcommittee will be evaluating this timely issue from an economic perspective. How are small businesses, the principal employers of Oregon, affected by the need for suitable child care?

More and more, the small business community is learning that there are definite connections between blessed events and the bottom line. This shows up in several ways. Recent studies indicate that the problems of child care costs employers about 3 percent in foregone productivity per employed parent per year.

In addition, it's time we recognized that the child care industry itself is a major force in the Oregon economy. According to the State Commission on Child Care, it ranks second only to State government in the number of Oregonians it employs. Child care is a vital factor in our State's economic future.

But, as employers, lawmakers, parents, and as a nation, we are now far behind the curve in terms of making child care work as an economic development tool. For larger employers an onsite day care center can be a way of attracting well-qualified employees.

But that doesn't preclude small businesses pursuing a child care strategy. We'll hear from small business owners who have made innovative child care approaches work for their businesses and for their employees.

Admittedly, this is an expensive problem for families, governments, and businesses to tackle. But it seems to me that we can either pay now, or we can pay later. Worker absenteeism and re-

duced productivity are just the short-term costs of child care problems.

Crime, chronic unemployment, and higher welfare counts are the long-term bills that we produce when we ignore the needs of children and their parents. Who's taking care of our so-called latch-key children at this time in Oregon? Too often, the answer to that question is we really don't know or no one at all. Only one in six children in the State is cared for by licensed child care providers. Five out of six children in Oregon are cared for in unlicensed facilities or simply left unsupervised.

This amounts, in my view, to a child care crisis in Oregon, and it's virtually the same in the other States. After years of pleading by working parents, though, it seems that Congress is finally tuned in. We've reached a bipartisan consensus in Congress that the Federal Government can and should be a better partner to help child care work for working parents.

Right now in the Congress, the debate is focused on two legislative proposals: The Act for Better Child Care Services, which I am a cosponsor of; and the Child Care Services Improvement Act introduced by Senator Hatch.

The Act for Better Child Care Services would bring $23.7 million to Oregon in its first year. The bill would provide services to low- and moderate-income Oregonians, training for child care workers, and promotion of innovative programs at the local level.

Each of the congressional proposals is aimed at increased access to quality child care for working families. Today, the subcommittee will hear the testimony of parents, small business owners, and child care providers, so that we make sure that the needs of our citizens are met and that our positive examples we'll learn about today can serve as models for the rest of the country.

I would just say that it seems to me that it isn't very often that we can simultaneously take steps that will increase our business productivity, which is what we do with better and more workable child care; reduce our welfare bill, which is what we'll be able to do with better child care available to work with parents; and also help our kids and prevent problems that might require remedial education and additional services later down the road. It isn't possible to do those same things simultaneously with very many initiatives.

It is possible with better child care. That's what we're interested in working on today. I am really pleased that my good friend and colleague Peter DeFazio has done a superb job on a whole host of human services and people concerns here as a member of the subcommittee, and I want to give Peter any time he'd like for his opening statement.

Mr. DEFAZIO. Thank you Mr. Chairman. I want to welcome people here this morning and to say that we do have a very important task before us. Ron gave some of the statistics. We certainly cannot dispute the need. Parents—men or women—should not have to make the choice between a livelihood with bread on the table and good parenting with adequate care for their children.

That's not a decision we should be facing in the United States of America as we head into the 21st century.

We've made some incremental steps this year already. Ron and I supported the Welfare Reform Act, which has a very strong child

care component. It's a bill that's aimed at people on assistance to attempt to give them the skills they need to become productively employed. The two major barriers to this are child care and medical assistance to people, to single parents, for the most part, in getting the training they need to get off of assistance, or getting the education they need, or having the job experience. So, that was a good first incremental step.

The second step will soon be before us, the Parental Leave bill. Oregon, of course, has made strides on its own in the area of parental leave. We're going to have Federal legislation very soon on the issue of parental leave, which will also help in parenting.

Now, as Ron said, we have before us the ABC bill, the Hatch bill, and the other bill, the Child Care Opportunities for Families Act introduced by George Miller of California.

I don't think Ron or I would have any problem finding the money to finance a comprehensive program of child care services in the United States. I think we could take it out of Star Wars; the MX missile; a whole host of things. We know where the money is; it's on the other side of the river from where we work in that funny little shaped building.

The money is there. The question is does Congress have the will, or can we instill the will in Congress to reorient the funds from these nonproductive expenditures, the military and the others, into things that would yield benefits for this country in the next century and throughout our future history?

That's the challenge before us. I hope that people today will particularly address their remarks to looking at this in an innovative way, because we have to build a sustainable program. The one thing I fear the most is that we'll build some momentum behind the ABC bill, or George Miller's bill, or a variant on the Hatch bill, or something—it's an election year and Congressmen will vote for it. It will pass, and next year when the budget comes out there won't be any money in the budget for it. It happened to us with the war on drugs. It was a big issue two election cycles ago, and suddenly there was no money for the war on drugs the year after the election was over.

Last year it was homeless. We had some people from this area make a tremendous effort. We did get assistance for the homeless through, and then the present budget comes out, and there is no money for the homeless in it.

I fear the same thing could happen to child care, so we need to put our efforts toward building a sustainable system—one that's a partnership between business, State, and local governments, and the Federal Government. We then need an active policy for child care that should be a guideline for this country.

So, with that, I yield back to the chairman, and we'll go ahead with the hearing.

Chairman WYDEN. Thank you, Peter, I think that was really well-said. I think what Peter really reflects on is that in the era of hard choices, some things should come before others, and it seems to me that things like tobacco subsidies, and coffeepots, and toilet seats that we're paying for at the Pentagon should be less important than trying to meet the needs of working families. So, I think

that Peter's statement sums up the view of a lot of Oregonians, and I appreciate that very much.

Let's go right to our panel. Steven and Margaret Bauer are here; Ms. Marilyn Podemski—I hope I'm pronouncing that right—an employee at Hanna-Anderson; Ms. Michele Tennesen, the executive director of the Provider Resource Coordinator are all on our first panel.

I note that our city commissioner is here, Commissioner Koch. If it's all right with him, we're going to have a panel of some Government witnesses after the first panel. We'd be delighted if you'd join us in that.

Why don't our first panel members come forward?

We welcome all of you. Usually the Members and the witnesses have a little more distance, and I don't want to be shouting down your throats here. We do welcome all of you.

Why don't we begin with the Bauers. We do have a great many witnesses today, and we will make a copy of your prepared comments a part of our hearing record, and our good recorder is here. If you all would summarize your principal concerns, then we could ask some questions.

Let's begin with you, Mr. and Mrs. Bauer.

TESTIMONY OF STEVE AND MARGARET BAUER

Mr. BAUER. Hello, my name is Steve Bauer, and this is my wife, Margaret. Thank you for the opportunity today to comment about our child care situation. We want to commend you on the ABC bill you are cosponsoring. We believe this bill will help strengthen the quality of day care and make it more affordable.

First of all, we spent the first 9 years of our marriage without children because we felt unsure of where our jobs would be, where we would be living, did we make enough money for children, and what kind of child care would we be able to find?

We were both teachers at the time. I still am. We couldn't afford to live on one salary while the other stayed home. We now have two children, a girl aged 4 and a boy 9 months. I took the year off this year to stay with the kids. We were sick and tired of looking into day care, plus, I was able to take a year off without losing my job, where my wife couldn't. What got us so discouraged and mistrusting was that in December 1986, our daughter was sexually abused by her babysitter's teenaged son while he babysat for us during an evening outing.

His mother had provided care for 2 years. We were very happy with this situation. She had come highly recommended. We researched her daycare 9 months before we first started with her. Since this happened over Christmas vacation, we had 2 weeks to find another place for our daughter because we felt uncomfortable to have this lady watch her while her son was around.

We found a full day school and day care situation for the rest of the year. Our daughter had a hard time adjusting to this because she was the youngest, and it caused a lot of stress on us during that remaining year. It was very hard for us to trust someone again and especially in a home situation.

I want to go back to work next fall, and my wife can work part time, so once again we're going to have to start to look for day care next year. My wife will fill you in with the rest of our story.

Ms. BAUER. Presently, we are looking for day care in September, and I did start again looking at home situations. There were some that came highly recommended, and I thought I would look into those again. I checked with two situations that sounded very good. There were two women with five children, and the day I was going to visit her she said she was filled up for next fall.

My sister's baby sitter that she had for 10 years came highly recommended. She would take both children, and wanted to keep the children. Within a week, she called back and said two of the mothers were pregnant and going to have children so she could no longer take my children.

Of eight remaining that we checked out—we got resources through our church—there were only two that had openings for the fall. I visited those two. One only worked 4 days a week, and the other one had 10 kids already. She was going to have to have a teenager babysit at the end of the afternoon while she coached track. I didn't feel comfortable with that situation.

I have a real hard problem, then, trusting in these home environments. The problems that we found then with home care is that there is no network information on good providers. The good ones go fast; lack of credentials, references—we must trust this person, yet we aren't even sure that they have a criminal record; lack of experience in training; no CPR classes and other training; awareness of State regulations; the cost varies—infants cost is high; no drop-in inspection of the facility for children's safety; lack of adequate indoor, but especially outdoor, space; they can quit at any time, and it's hard to find a backup.

Just 2 weeks ago one of my coworkers brought his 10-month-old into work. The day care person called in the morning and said she was sick. He had to get some work done, so he brought his son to work.

I have another coworker that her home provider just quit on her, and she was looking.

Next, we looked into nanny services and found this very expensive.

We are now looking at professional day care. We feel there is safety in numbers. We have found that in our town of Gladstone there was only one that would take an infant that was our son's age in the fall. We have a waiting list. We could get our daughter in but not our son.

There are 10 remaining facilities in the Milwaukee-Clackamas area, and of that 10 there is only 1 that takes children under 30 months or 2 years. My son would be 1 year and 4 months. It was a high turnover rate.

So, problems we're finding with professional day care cost of infants is very high. Few facilities take infants, and, if they do, there's a waiting list. The turnover rate of staff is high. In my mind, there are still too many children, and some people could have more training.

Presently, my place of work is considering day care, and I feel this is the answer. I'm not sure when, so we must still go on

searching. First I heard it might be 2 years; then maybe 1½. I feel onsite is important; that some of my coworkers are not comfortable with children at the work site.

There is also a feeling that women should still be at home caring for their children. We formed a parents group, and this may help the cause.

In the future, I am also concerned about what will happen with my daughter when she enters kindergarten. In our community is the largest elementary school in the State. They can't now, and they don't have extended leave.

Now, if the children will be in two locations, will I be able to get part time? Can we afford it? Why can't we afford extended care at the school? Why must children be driven around? Shouldn't we give children a good safe start in life? Shouldn't this opportunity be open to all?

We feel children not properly cared for—we agree with you that they will grow up to fill our institutions. How many other children are being abused now, and who's checking on them? We have some proposals. Encourage parenting education not only for day care personnel but for everyone—perhaps the parenting classes in high school and available to the community schools.

Staff turnover is a problem, and I do see there is a need for improved salaries and benefits for day care personnel.

I would like to provide extended care at the public schools and encourage more outside day care for workers. This is an important issue for both of us. We have spent a lot of time and worry concerning child care, but we believe we are not alone. Parents seem to have the least amount of time to speak out on this. We do appreciate anything that you can do concerning the child care crisis.

I feel, and my husband does, that our kids are our most important resource. Thank you.

Chairman WYDEN. Thank you both for a very excellent testimony. We really admire your willingness to come forward, and we'll have some questions in just a couple of minutes. We appreciate it.

Ms. Tennesen.

TESTIMONY OF MICHELLE TENNESEN, EXECUTIVE DIRECTOR, PROVIDER RESOURCE ORGANIZATION [PRO]

Ms. TENNESEN. Good morning. My name is Michele Tennesen, and I have been a family child care provider for 5 years. I am also on the Oregon State Child Care Commission and director of Provider Resource Organization.

The PRO is a support group of and by family child care providers and home care givers, and we have over 200 members in the tri-county area. The purpose is to upgrade family child care.

When it was beginning over 3 years ago, it became apparent very quickly that family child care providers were in need of technical assistance. A lot of providers were unaware that they need to file taxes, or those that were aware that they needed to file taxes, felt that they could just file it on a regular schedule and would just put it on a regular schedule with their husband's wages and earnings.

Many family child care providers do not understand that they are a business just as a hairdresser is a business or a retail mer-

chant. Instead they just believe they are a mom at home taking care of the neighbors' children. So, they do not have a business mindset?

Many providers are unaware, as individual business persons, they have the right to have their own policies and these policies would protect them as caregivers as well as the parents and children within their care.

I am sorry that we did not connect with the Bauers before today. I think that we could have helped each other.

Those within the profession of child care are not the only ones lacking education about child care. Mr. Wyden, I am sure that you agree that your education about child care has greatly expanded since you began this and you and I began talking about 5 years ago.

I have seen your own development within your understanding of the child care issue which is not an issue that is readily understood by most people. It's multifaceted.

In an effort to help family child care providers, 3 years ago I connected with the Small Business Administration here in Portland, and I then connected with their representative of women's issues. When I explained to her what our purpose and function was, she was confused about what family day care providers or babysitters, as she thought of us, would want to do with the Small Business Administration.

More recently, we connected with them trying to get information for a conference that we were trying to hold in April, and we were asking for handouts and literature. They were still confused, and their response was to send one handout, just one only to a conference that was to have over 200 people.

This is a problem we have with a mentality of our society as a whole, as not seeing family child care providers as professionals.

We have also dealt with collection agencies to get cooperation in helping providers collect on overdue accounts. It is very common that the family child care providers do not get paid, unfortunately, and these avenues of collection are available to family child care providers as well as anyone.

But family child care providers do not see that avenue because many providers do not see themselves as professionals.

But as well, collection agencies did not see it as an avenue. When we queried 10 different collection agencies, only one replied to our response, and his question was, "Would it be worth it, Mrs. Tennesen?"

My answer today would be no. We don't have enough family child care providers in this State who recognize themselves as professionals.

Just a rough guesstimate that I did for every child care provider in the tricounty area, I guess that there are probably about 15 who do not see themselves as professionals. So, that is one person who is running their business, doing taxes, worried about liability or able to obtain liability insurance, has policies, contracts, and is running themselves professionally—I feel there are about 15 who are just the neighborhood mom who just does not see herself as a professional.

As I said before, part of the reason this exists is because of what I call a babysitter mentality that exists in society as a whole, and I believe that the public at large has a misconception about family child care providers, and many people still believe that we sit in bathrobes all day, and watch soap operas, and eat bonbons. I think that does happen to some degree, honestly. But on the other hand, I think there are a lot of providers that are out there giving quality, conscientious care, and nurturing care.

Family child care began during World War II, and, in one way, I feel that probably was the seed of some child care beginnings because of our connection with the shipyards during WWII. At that time, family child care was an extension of mothering. Mothers would help other mothers who went to work in the shipyards, and, at that time, it wasn't thought of as a business.

But that mentality still exists with us today. Providers who are in the business of love and nurture of children find it almost a rape to think of loving and nurturing on one hand and then asking parents for money on the other; or you are talking about policies, and sick days, and paid vacations, and things like that.

So, it's two concepts that have trouble meshing and blending, and it is difficult for the public to perceive that they have to blend, and it is difficult for the providers themselves to understand they have to blend.

When a provider, Mary Gardiner, recently approached the Small Business Administration for assistance in obtaining a loan so that she could expand her in-home family child care business, all she received from them was a few marketing tests. She felt like she was being treated like a second class citizen. She was told that her sex, a female, and her age, at 58—and they even admitted, the baby-sitter mentality—were strikes against her. So, she was not able to receive the loan.

Chairman WYDEN. I want to make sure that I understand that—the SBA? It sounded, on what you said, like she couldn't be considered for a loan because of both her sex and her age?

Ms. TENNESEN. That is my understanding. Mrs. Gardiner is here if she wants to clarify that.

Chairman WYDEN. I would like to follow that up because based on what you said, there's a real question about whether the law has been broken just in that regard, and I will——

Ms. GARDINER. I am Mary Gardiner, and I had someone help me put together a loan package. It was at two banks and the SBA was asking if I obtained the money, was it for expansion?

The person who helped me put together this package went with me. In discussing it afterward, after I was confused a number of times, this was the impression that both of us had.

Chairman WYDEN. I think I can clear up the fact. Were you applying as a business for a commercial loan?

Ms. GARDINER. Yes.

Chairman WYDEN. I just found out this week that commercial loans are not covered by sex and age discrimination. In fact, there is a movement in Congress to extend—there was a problem in the past act. I just found that out this week.

Ms. TENNESEN. It was not the SBA who said you couldn't get a loan because of your age or your sex. It was someone in the private sector.

Ms. GARDINER. I was flatly refused, and in talking it over with the person who had been helping me put it together——

Chairman WYDEN. At the SBA?

Ms. GARDINER. No; he was in the private sector.

Chairman WYDEN. It was in the private sector? OK, thank you.

Ms. GARDINER. As we discussed it afterward, our conclusions.

Chairman WYDEN. OK, thank you.

Ms. TENNESEN. I apologize for that misunderstanding. I didn't mean to mislead you at all.

Personally, getting credit myself has been difficult. When you go into a bank and get a loan, and you list your occupation as child care provider, and it's viewed very suspiciously.

I recently, last August, was trying to purchase a car. It wasn't until I told them that the vice president at that bank was also a member of the child care commission that I was finally able to get my loan.

So, what are some of the solutions? I've listed some of the problems. I believe that there needs to be education, a vast amount of education to businesses, to community colleges, to business departments, banks, and the Small Business Administration. Those who are involved in business need to begin to see family child care providers as businesses, too.

I believe there needs to be education to the public at large and to parents about how to consume family child care; how to look for it; how to keep it once they have it; and help them understand family child care or the child care side of the issue.

Provider Resource Organization plays a valuable part in helping raise consciousness of providers. We understand that there is not a lot of money to give out, and I know it's wrong to come and ask for money because it's not available, and I don't have any new, innovative ideas.

But what I do ask for is support for the issue, child care, and support for educating as many persons within the business and community as we can to help them understand that family child care is indeed a business and that we are trying to be professionals. Thank you for your time.

[Ms. Tennesen's statement may be found in the appendix.]

Chairman WYDEN. Thank you for an excellent presentation as well. We'll have some questions in a minute, Ms. Tennesen.

Ms. Podemski.

TESTIMONY OF MARILYN PODEMSKI, REPRESENTING HANNAH ANDERSSON CORP.

Ms. PODEMSKI. My name is Marilyn Podemski, and I'm here representing Hanna Andersson Corp. Hanna Andersson is a mail-order company that sells all-cotton clothing from Sweden. Gun and Tom Denhart, who own this business, started it in their home 4 years ago.

In 1986, Hanna did approximately $7 million in sales with the help of about 50 employees. They employ about 50 people, most of

whom are women and many of whom work part time, including myself.

Hanna believes that obtaining good child care for its employees is so important that they have spent a good deal of time to try and find ways to help employees with child care problems. Hanna Andersson pays half of the cost of child care for all of its employees.

Under a new Oregon State law, Hanna receives a tax credit equal to 50 percent of the contribution to the cost of child care for its employees. In addition, Hanna has established a dependent care system under IRS Code section 129, that most of the employee mothers are utilizing.

Hanna has also investigated establishing its own onsite day care center, but at this point is unwilling to do so because it would require administrative expertise that Hanna does not have. Opening a day care center is quite a complex process when one is going to do it properly.

In addition, there is enormous cost liability insurance.

As near as I know, none of our employees received the child care credit, because in their tax brackets, it is more advantageous to use the dependent care deductible of section 129.

Gun and Tom Denhart both feel that in order to run their business, they need the help of the working mothers that they employ. In turn, .hese mothers need help in finding good, affordable care for their children so that they can work.

Congress can help in this effort by investigating the feasibility of additional tax benefits and other incentives to employers to assist working mothers. Some way should also be found to limit the cost of liability insurance for day care centers, and I brought some of our catalogues here if you're interested in looking at them. Thank you very much.

[Gun and Tom Denhart's statement, submitted by Ms. Podemski, may be found in the appendix.]

Chairman WYDEN. Thank you. Let me begin with you, Mr. and Mrs. Bauer. It seems to me that you already have, obviously, had one very sad and tragic experience. How has that experience affected your thinking about what to do next?

I'm sure that looking into someone's background at this point is all-important. But if you could tell us a little bit about how that tragic experience has affected your thinking in terms of what you do next, it would be helpful, if you feel that you could talk about it.

Ms. BAUER. Well, I think it definitely has affected my thinking about home situations. It's hard to go into it again with an open mind, but it still was difficult to find anything anyway. So, we are looking more toward professional daycare because, again, we feel there's safety in numbers. There are more people involved there checking on each other and what's going on.

I spent a lot of time at work thinking about what we're doing next year. It worries me already, trying to figure out what we're going to do next year.

Chairman WYDEN. From the standpoint of even being an employee, it must be extraordinarily draining psychologically, in terms of the time you could put in helping your business and your productivity.

Mr. BAUER. Yes; she's had to go to work weekends because of the time she spent thinking about it, and doing other things about this child care situation. So, it has affected her work.

Ms. BAUER. But I am involved at work on the day care issue, too. That's something that I've been real involved with lately.

Chairman WYDEN. I appreciate that comment because I think that the onsite option, even if there were a small number of businesses, say, located close together and could go in on some kind of onsite or close-to-site sort of program, that would be one good way for a creative partnership among small businesses to try to help employees like yourself, and I just really admire you all coming forward and your perseverance to try to come up with solutions for yourself and everyone else, because it's horribly difficult to talk about these things. We've got to figure out some ways to get new approaches.

There's something very, very wrong in the State of Oregon if parents like you don't feel safe about where your kids are. That's what we're committed to trying to turn around.

I'll have some more questions, but I want to recognize Peter here.

Mr. DEFAZIO. Yes; I'm wondering in the discussions with your employer, what have they identified as the primary barrier to an onsite facility?

Ms. BAUER. Well, I guess the problem is now there is just a lack of communication. We don't have the feeling from the top managers that it is important to get.

We don't have the Union as involved at our onsite day care issue, too, and they have scared some of the management. So, I think something will get done, but there's just a real miscommunication going on right now.

But I do hear comments at work about, "Well, we don't want the kids running around in the halls; and we don't want to see them here; we can't work with them close-by."

They have their comments about, "You should be home watching your kids, not here working."

Mr. DEFAZIO. Obviously, part of the question raised by the employer is the cost of the benefit.

Have you got to the point of whether they'll cost-share with you, or will they provide it free, or will it be a benefit?

Ms. BAUER. Well, 2 years ago, I guess it was, there was a person who wrote up about three or four different alternatives, and she said she sent it to the Human Resources section at our work, and that's where it sat.

Then a group of people finally got some attention, and he said form a group, so we joined with that group, and now we're making more noise, and we're hearing more things.

Still, it is hard to get the communications going and really find out what's going on. What I found out mostly is from me going out and making phone calls between the different groups involved in setting the day care up.

Mr. DEFAZIO. The cost—you would have to provide that?

Mr. BAUER. Yes; oh, yes.

Mr. DEFAZIO. No; they're not talking about it as a benefit; they're talking, you would have to——

Ms. BAUER. Yes; they are talking about filing for tax exempt status, so that we would have a sliding scale, but this is something that I think is—I don't see how single parents can afford day care. Working together, we can do it, but it is hard, at times. I don't see how those people do it at all.

And people with handicaps. I think that is a very good part of your bill.

Mr. DEFAZIO. Thank you.

Chairman WYDEN. A couple other questions. Ms. Tennesen, it seems that your folks are kind of in a catch-22. A lot of them are low income themselves; they're low-income providers, and they're in a situation of having to get paid, that low-income individual, and somehow we see the child's needs suffer as a result of this catch-22. There just aren't enough resources to go around. Is that a fair description of the problem?

Ms. TENNESEN. That's very fair, and it's not uncommon that parents get angry at us that we have to charge so much. A lot of times there is, again, this misconception. They see perhaps paying $250 a month and maybe the provider has 5 children, and so, they are thinking, wow, five times $250 a month; this provider is making a lucrative, workable income.

But they fail to understand our particular costs, and as I personally—and this will vary from provider to provider—I charge $1.50 an hour.

But as I have shifted it out, and I do pay taxes, and I do have liability insurance, after my take home, for each dollar I take in is seven cents. So, you can see it is not lucrative. The reason I maintain staying at home is because it allows me to be home with my youngest child and to me that is something I cannot put a price tag on.

You are very correct in that assumption.

Chairman WYDEN. The only other question is that you speak of the Government playing a role in terms of providing technical assistance. What exactly would that entail?

Ms. TENNESEN. I see more cooperation between the Internal Revenue Service and family child care providers in terms of assistance and of understanding how to fill out the forms.

I also see a need for help with the Small Business Administration and their understanding that we, like any other business, need help in knowing how to advertise; how to fill out a profit and loss statement; those types of things.

Chairman WYDEN. That's the kind of thing that a Congressman's office is supposed to help with, too, so feel free to call on us and other members of the Oregon congressional delegation in that regard, as well.

Ms. TENNESEN. Thank you.

Chairman WYDEN. Ms. Podemsky, your programs sound so good, and I think you have said it all and very concisely. So, I don't have any questions, but hats off to you all.

Ms. PODEMSKI. Could I just comment on the onsite care? We investigated that very thoroughly. I personally have been lucky enough to have my child at Fruit and Flower since he was born, and Joan, who I think is here and who will testify later, and I also served on that board for a couple of years, and as a small business,

we decided after looking at a Fruit and Flower type of program, of trying to establish it at Hanna, that it just wasn't feasible; that the expertise and the knowhow that it would take to do that good of a job was not something that our little business could do.

I mean, we were going to do this, and to try to do this right, or do this better. But as a small business, onsite is not a very feasible option for a smaller business trying to learn how to do its business.

So, what we investigated is trying to place children from Hanna in already established daycare centers; but then you run into the problem the Bauer's discussed and that is that at Fruit and Flower, I was lucky to get my child in.

It is very difficult to have a flexible program of allowing a certain employer's children into a day care center. As we did, we made some arrangements, but I think it's an option that seems good until you realize how complicated it is to have little children that you are responsible for in a business that's trying to do something else.

Chairman WYDEN. Peter, any other questions?

Mr. DEFAZIO. I just wanted to question Ms. Tennesen a bit on the 7 cents for each dollar. Can you sort of break down what the biggest costs are in ascending-descending order?

Ms. TENNESEN. I can try. My biggest cost is wear and tear on the home. That's 45 cents out of every dollar to make repairs, replacement of just wear and tear on the home. I need a totally new back yard. If you could see my back yard.

Then I believe I pay 12 cents on every dollar for my liability insurance; three cents on every dollar goes to gas; entertainment for the children; another 3 cents goes to advertising, newspaper advertising, and making up brochures.

Those are the ones that come to mind—oh, and I think it's about 15 cents on every dollar goes to my self-employment taxes, and somewhere food and those costs fall in between there.

Mr. DEFAZIO. Just for emphasis, Ms. Podemski, obviously, you are working for an enlightened company, but how much was it necessary, or how much of an incentive was it, or how essential do you think the tax credit was in order to get the company to agree to pay half of it?

Ms. PODEMSKI. I think it was significant, but I don't think it was decisive, because it's partially the nature of our business and the type of people that are working there, and I think it was a big problem. I don't think they would drop the program if the legislature drops the credit.

Mr. DEFAZIO. So, as I understand the Oregon law, your company pays for half, and 50 percent of that is tax creditable for them, so approximately one quarter of the cost?

Ms. PODEMSKI. Exactly, and then, as I say, the employees take the other half in a dependent care deduction. So, hopefully the employees end up with about one-third to one-fourth of the child care coming out of their own pocket.

But I think that the Oregon law was kind of a catalyst to make us sit down and look at the onsite care, for example, because there are significant benefits to that. It also was a catalyst to say well, let's just forget all the rest of this and start paying for it. Gun and Tom decided that if they started paying for it, then that alone, ob-

viously, takes away a lot of the problems that people were having. It's a benefit that's been extremely popular, to say the least.

Mr. DEFAZIO. Yes; thank you very much. Thank you, Mr. Chairman.

Chairman WYDEN. Thank you, and all of you have been really helpful, and I appreciate and look forward to working with you.

The next panel will be some of our elected officials who have special interests. We have Ms. Marie Louise McClintock, the child care coordinator for the State of Oregon. Let us have all of you come forward. Mike, do you want to come on up? Mike Kopetski, who has worked long and diligently for better child care in the State, and our city commissioner Bob Koch as well. We welcome all of you. We will make a copy of everybody's prepared remarks a part of the record in their entirety. The Chair notes that Bob has done his, like I do so often, on the back of a napkin, maybe, or something like that, but we're just glad to have all three of you. We know of your commitment.

Why don't we begin with you, Ms. McClintock. I just want to acknowledge also all the help you've given us as we've been trying to tackle these issues at the Federal level. It's a pleasure to work with you.

TESTIMONY OF MARY LOUISE McCLINTOCK, CHILD CARE COORDINATOR, DEPARTMENT OF HUMAN RESOURCES, STATE OF OREGON

Ms. MCCLINTOCK. Thank you. Chairman Wyden, Congressman DeFazio, the economic impact of child care is something that we're working on and is very hard to address here in Oregon. I am pleased to have the opportunity to provide you some information on what is happening here.

As Oregon's new child care coordinator, my major role is both encouraging public and private employers around the State to become involved in child care and also in providing assistance to employers and employees as they work to develop their programs.

My program is one of the very few new programs Governor Goldschmidt proposed in his first year in office in a year when he was concentrating on economic development. The program grew out of the recognition that because of the very dramatic changes that have occurred in the composition of the work force within the last generation, child care is a very critical part of our State social and economic infrastructure.

It's something that affects Oregonians at all income levels, at all parts of the State. I'm sure you're already familiar with the statistics that portray these changes. My testimony lists some of them.

The ultimate outcome of these changes is that the majority of Oregon children need to be in the care of someone other than their parent every day, and yet, as important as it is, we don't have a child care system that meets our needs. There isn't enough good quality child care in Oregon. It's true in other parts of the country.

There are particularly critical shortages of care for infants and for school-aged children, and also for care in other than hours 6-to-6 on week days. Part-time care at night and on weekends is very difficult to find.

Where it's available, there aren't enough mechanisms to help parents find good child care. It's also extremely difficult to afford.

This is a situation that has very serious consequences for our children, and for our families, and also for our economy.

So, what are the economic impacts of child care? The most immediate is the link between child care and productivity of the work force. The child care problems of working parents can affect their ability to be good workers and child care needs do have a bearing on the decisions of working parents to go to work for or to remain with particular employers. It's a theme I think you're going to hear throughout the hearing, something that working parents have always known. We are now able to have empirical data linking such things as absenteeism and unproductive time at work with the child care problems we have now. This data here in Oregon is produced by the Regional Research Institute of Portland State,

We're also beginning to get evidence, although somewhat less scientific evidence, on the positive side of the equation, and I've also been doing some informal surveying of Oregon employers who have child care related programs for their employees, and you're going to be hearing throughout the hearing from some of the employers.

Many employers who have family-supportive policies for their employees report that they are a worth-while investment, and they have benefits such as improved morale, improved employee loyalty, less absenteeism, and less tardiness. They also help in recruiting and keeping good employees, something that is going to become increasingly important now that we're moving into a time where employers are competing for a pool of entry level workers that is too small.

There are several other aspects of child care's role in our society which are less direct in their impact on the individual employers, but I think are just as significant overall, as Congressman Wyden has already mentioned.

First is the child care program does offer the opportunity to intervene early in the lives of children who are otherwise likely to have problems later, which are not only an obstacle to good and healthy lives, but can also be very costly for us to address as a society.

Second is the access to adequate affordable child care could be the key to employment to some families, and so that is not only the key to moving out of poverty for some parents, but also it can be a key to them being able to take jobs with employers who need workers.

A third link has been mentioned by Congressman Wyden as well as by Michele Tennesen, and that is that the child care business itself contributes income and jobs to our economy.

The good news is that in 4 years around the country and in Oregon, employers have become increasingly involved in child care, and it's something that's been multiplying very rapidly. There are at least several thousand employers nationally who have adopted policies supporting their working parent employees as compared to just over 100 in 1978.

We don't know exact numbers in Oregon, but as a person to whom many employers and employees come, I am happy to be able to report to you that there is a tremendous amount of activity. I've

really been quite surprised by the level of interest that is out there. The State is well prepared to work with these employers in addition to the establishment of my office as a resource. The State also, of course, just last year enacted three new tax credits for dependent care assistance.

One credit is for the establishment of a child care center serving employees; one is for direct financial assistance, such as that provided by Hanna Andersson; and the third is for information and referral servic that help employees find their child care.

How are Oregon employers responding to child care needs?

The testimony that you will hear from Oregon employers is more interesting than anything that I can say, but I would like to provide you with the overview of the options that the employers have in their suit here.

The development of the child care facility is the option that we too often think of first. Perhaps there are as many as eight or nine facilities in Oregon that have some sort of employer sponsorship.

There are a number of others that are now under development or under serious consideration. The sponsorship of a child care center obviously is not very feasible in many situations. There may be no suitable location; the work force may be too small; sometimes, even within a large work force there isn't a sufficient level of interest on the part of employees. I think that's something that the private employers don't even look at.

Far more common, because it's easier and adaptable to a variety of child care needs is financial assistance. Financial assistance options range from salary reduction plans that allow employees to pay for child care before taxes, flexible benefit plans, to financial assistance over and above wages.

A third option is providing information to parents in seminars at the work place and through purchases of services to help parents find suitable child care.

There are 30 to 35 employers in Oregon—I believe that is the best estimate—that are purchasing a service such as this for their employees.

Flexible work arrangement such as part-time work or staggered hours, job sharing, family sick leave policies, are not child care per se, but can make a great deal of difference to parents in helping them balance their work and family obligations, and, in some cases, even perhaps reducing their need to rely upon child care, often at little or no cost to the employer.

Some employers are choosing to target particular child care problems that present issues for their employees such as the care of ill children or school age child care. For an example, Techtronics, IDG Group last summer brought in a mobile home to its Wilsonville campus to provide vacation child care for its employees.

Finally, something I think we're going to be seeing more of is employers becoming involved in communitywide solutions to child care problems by contributing to efforts to expand or to support tougher services needed by their employers as well as by others in the community.

St. Helens, the local branch of First Interstate Bank, recently sponsored a fundraiser for the local School-aged Latchkey Child Care Program.

Here in Portland, HEW is distributing free of charge a pamphlet that it developed with tips for parents on how to find good child care.

There is a particularly exciting collaborative project underway in the Corvallis area where a group of public and private employers led by Hewlett-Packard, have been working together for more than 2½ years.

They began by surveying employees throughout the two-county area and determined that the two most critical needs were for sick child care and for information and referral, and are in the process of putting together solutions to both of those problems.

I think their information referral service is soon to be opening at Linn-Benton Community College, made possible through a combination of State matching funds, community college funds, and employer contributions.

So, they're continuing to be very key in a facility serving children too sick for a regular day care. It is still in the planning stages. What's very exemplary about this effort is that the group has made a conscious effort all along to ensure that both of these services are going to be available to anyone in the community regardless of whom they work for or their income status.

I'd like to talk just a little bit about small business and in particular because one of the goals I have for my program is to target small- and medium-sized employers in my outreach efforts because of the importance of those employers to our economy, and I work closely with the organizations representing those employers.

Nationally, we do know that a majority of the employers who have gotten involved in this are on the large side, and that is, they have 500 or more employees. I don't think that has to continue to be the case, and it's now already not true to the same extent in Oregon.

It certainly is going to be very much more feasible to establish child care centers or to adopt flexible benefit cafeteria plans, but there are a variety of options that are open to small businesses. The dependent care assistance plan, which I mentioned earlier, can be established by the smallest employer, and there is a startup cost to doing this, but because the employers take payroll taxes, most employers wind up recouping their costs and even coming out ahead.

Flexible work arrangements are workable in a variety of settings, large and small. I think that even a small child care subsidy can be helpful to employees and an attractive benefit, and I'm hopeful that the State's new tax credit is going to make this sort of assistance within the reach of a large number of smaller employers, and it will be true also for information and referral services—the 50-percent credit for that sort of assistance.

Finally, I think we need to keep in mind the potential for collaboration with other employers, either on community-wide projects such as the Linn-Benton effort, and those projects will definitely benefit large employers.

Also, through group sponsorship of such services as a child care facility, there are a number of child care centers in other parts of the country sponsored by a consortium of employers. I think the most notable ones are the ones in the Washington, DC, area.

I think that is something we're going to see more of here, as business and research parks establish child care facilities as an amenity for tenant companies.

In conclusion, we are excited in Oregon about all that is happening in child care at the State level and in communities, and among employers development, and what I am particularly pleased about is that the State of Oregon has been making some major steps toward becoming a major employer.

Fred Miller of the executive department has recently the goal to open at least one child care center serving State employees by the end of the year. I hope this information is useful to you as you consider what role the Federal Government might take in addressing the economic impact of child care. Thank you.

[Ms. McClintock's statement, with attachment, may be found in the appendix.]

Chairman WYDEN. I thank you and we'll have some questions in just a moment.

Bob, we welcome you and appreciate your attendance.

TESTIMONY OF BOB KOCH, CITY COMMISSIONER

Mr. KOCH. Thank you very much. I also want to thank both of you for extending this courtesy of a late moment arrival to testify at this hearing, and certainly it goes without saying that both of you need to be commended for your work in bringing this hearing here before us today on behalf of the people.

I think we largely have totally supported your efforts in where you are going with these and other bills that potentially can be created to change the situation around to where it becomes a positive kind of a thing.

I believe that this issue and the many aspects of this issue are really vital to the health of this basic community. As we have seen over a period of time, due to the increase of single-parent families, these family dynamics have changed, for family values have changed. I believe the child care, the many varied approaches we can take to child care, among other things, could be the flagship of welfare reform.

If we are to somehow break the bonds of poverty, we have to quit punishing people for the struggle.

I also believe that today is the future and believe that we will become increasingly aware of this as our national economic health. For us to become good caretakers of that health, we need the creativity of all the people in the marketplace, and we can no longer afford to deny that access to any human being.

Child care, in fact, becomes an issue of denial, and if this country is to become the competitive force that I believe it is capable of being in the international marketplace, we can ill-afford to deny that access.

You are going to hear a lot of people—you have already heard a lot of people talk about the many different aspects of child care and how it touches their lives in a very personal way.

I'd like to really focus with a few comments about something that tends to get overlooked and needs to be emphasized, and that is that with the changing of a two-parent family society to largely

a single-parent society, we have in the lack of the support mechanism to retain those values in the upbringing of children. We have largely, in many ways, contributed to the rise in crime in this city, in this State, and in this country.

The young people that we see in our criminal justice system are young people who lack those values that almost every parent seeks to implant in the hearts and minds of their children. Young people who don't believe in anything or anybody. Young people who never worked. Young people who have somehow lost the sense of personal conscience and guilt. They never acquired it. I truly believe that these are values that were simply never acquired.

Why is this the case? Because we see many of these youngsters come out of single-parent households, of people, largely mothers, who are struggling to make a decent living for themselves to provide a caring atmosphere for their youth, but because of the lack of a positive child support program, we saw the youth, unfortunately over a period of time, develop into what is called the latchkey syndrome. The key around the neck to let themselves in and out of an empty house.

Then, in the early 1970's, we saw the advent of this program called Latchkey, and it was addressed to that need. It was a promise and a hope that we were going to lick this problem and deal with it in a positive way. Somehow we faltered, because the marketplace has changed as perhaps other social priorities have captured the imagination of elected officials. Somehow we lost that. We left that behind.

Even though there's been progress, there's not been the dynamic stated need—as you so clearly stated, the political will to deal with the problem.

I think we have to visit this. I think that we have to listen to the people in our community—the people who live in our neighborhoods who have clear, succinct, anecdotal kinds of information on experiences. That has to become the foundation of anything we do regarding child care.

As a street policeman I started out many, many years ago—nearly 20 years ago—working with the street children of that day. They were the neighborhood children from single parent households who were on the street in the morning, in the afternoon, and the evening, and the parents weren't there for many reasons. These youth were lacking in certain vital aspects that make for a productive, positive, healthy, crime-free society.

We all know, as we raise our children, you have to keep youth busy with healthy, positive, creative activity. They have to have three square meals a day. There are certain kinds of basic things that child care provides, whether it be an early latch key program in the grade school in the neighborhood which provides that in the morning and then in the evening, or whether it be private enterprise providing child care for their workers, or whether it be just us saying that we're going to create the kinds of social programs necessary for the rest of those people so that this can be provided for the health and safety of our community, so that we have the citizens who come up and who become the officials and the business leaders of the future.

I benefited from child care when I was a kid. I grew up largely in a single parent household. Had that child care not been there through Catholic services and other services, I would have lost some of those benefits. Some of those values might not be as acute in my heart and mind.

People who care will reach out. Whether it be as a business or whether it be as a volunteer. These are the kinds of things I think that need to be in place in whatever we do in our legislation and in our bills and I'm glad to see what you're doing, I think it's a positive step.

I think we would all share this certainly as much as we would like to see, but we've got to find many different kinds of mechanisms. I would recommend to you that the issue of crime and child care is directly related. You don't see it now, but you will see it later.

It's kind of like the TV commercial of the guy with the oil filter. You're either going to pay him now, or you're going to pay him later when the engine blows up. You either provide child care and those kinds of services for the youth of our Nation as they're growing up in a changed-family atmosphere, but with the same family guidelines, or you're going to pay later in court costs, police salaries and benefits, and prison spaces. This is what we're going to pay.

And that price is higher than doing something in an earlier fashion.

A few anecdotal kinds of stories. With me today is my wife of some 10 years who before we were married was a single parent. She worked as a bakery worker in a wholesale bakery here in town making not too bad a salary.

But being a single parent with a growing small child, that salary was not adequate to provide a healthy, positive atmosphere unless she, in fact, beyond her full work day, work week, had to work part time driving school buses.

Bakery workers are not terribly unique. They have split days off during the week. They work holidays. I would submit to you that it's very difficult for a single parent mother who's working in industry in the labor force today, to find child care on Christmas. These kinds of things are near impossible.

This is not an untypical kind of an experience in the life of single parents. It is tragic in our society in this day and age to punish those people on welfare who are struggling to get out from underneath of it who go to work and then all of a sudden find their benefits chopped off and, in fact, end up making less than they would have under the system. That's extraordinarily inhumane.

I talked to people both from the private sector purists as well as social service providers, and we all agree that is absolutely absurd. Nobody thinks that's rational. We've got to do something now in that aspect as well, because again it ties into child care.

As you will be hearing lots of good people who will be providing testimony on many aspects of this that I'm simply not equipped to do, all I can say in ending this is that I believe on behalf of the people in this city that these kinds of things have to come about. We have to move forward aggressively.

As you go perhaps during the campaign season as you say, where bills are passed and next year when the money comes up, as you need help and support in that, we want to invite you to call upon all of us to, in fact, at that point demonstrate our caring and our concern for the kinds of changing of the priorities of the moneys that are allocated by the Federal Government. Thank you very much.

Chairman WYDEN. Bob, thanks very much. You were very helpful. I always appreciate your interest, and there is no question there are a lot of other things you could be doing on Saturday morning besides chipping away at the effort to build more affordable and better quality child care. This is very helpful.

Mike Kopetski has long been involved and is very expert in this area. Mike, we'll make any of your comments a part of the record in their entirety, and you can make whatever comments you'd like.

TESTIMONY OF HON. MIKE KOPETSKI, STATE REPRESENTATIVE, HOUSE DISTRICT 33

Mr. KOPETSKI. Thank you Mr. Chairman and Congressman DeFazio. For the record, I am Mike Kopetski, State representative, District 33. I am here representing the Oregon Commission on Child Care. I am a member of that commission. I should also point out that I was the chief sponsor of the legislation which created the Oregon Child Care Commission in 1985, and, as a result of this commission's activities, we were able to focus policymakers, and especially the Governor, on the problem of child care, particularly for working parents. We had an incredibly successful session this last session with the crowning jewel, of course, being passage of Oregon's parental leave law.

I'll try to summarize my testimony in parts, but one thing that I think is important to note is that we have billions of dollars building a national highway system in this country since the 1950's, and we did this in the name of national defense. We did it to get people to work and to conduct commerce. Today, the greatest obstacles to workers in getting to work are the problems surrounding child care for their own children.

It is a male and female problem where both parents are working outside the home, and they're having to work out their child care arrangement. This is my first point. The $2.5 billion price tag on the act for better child care services is a pittance compared to what we've spent on highways and mass transit systems to get people to work.

Many employers believe erroneously that since most of their employees are male this talk of child care does not affect them and their workers. Of course they're wrong about that. Parents at home have to worry to find affordable, convenient child care. When a child is ill, one or the other parent has to take time to be with the child. Both parents, of course, worry about their child's safety.

The Commission believes the ABC legislation will help all employers because it is designed to increase the amount of child care providers whether it is through low interest loans, grant programs, and even a recruitment program to get more providers into the system.

In addition, the act would provide moneys for information and referral systems in the State of Oregon. This past session did appropriate $100,000 for pod programs for local communities to help them start information and referral programs. It helps to be on the ways and means committee.

This money goes a long way, but still, INR programs are spotty at best in Oregon. Child care needs change constantly for parents as children get older and people move; providers go out of business; work schedules change; Christmas and spring breaks present particular problems for parents, as does summer vacations. They have to change their child care arrangements in many of these situations.

But where do you go, and sometimes very quickly, to find affordable, available, and convenient child care. These are the reasons that information referral programs are very important. The welfare reform issues have been covered. I should also look to point out that Michele Tennesen has pointed out in the past that the reality is that individual child care providers pay the child care needs of many individuals.

Instead of the Government subsidizing these individuals, the child care is, the small business is. They do this because those parents don't pay their bill. The provider carries them for 2 or 3 months and then can no longer do so. So the provider is losing the income and they are in reality subsidizing the care.

Many of these people do go out of business for this very reason. Society needs providers yet society fails to provide, to address the concerns of this particular small business entity.

Finally, I want to address quality care. The ABC bill establishes minimum standards for care providers including health and safety and staff ratio requirements. It also requires staff training. Child care providers want this training. Chemeketa Community College offered a seminar for home care providers last year funded by a grant from the Gannett Foundation and had to turn away applicants. The desire is there; the programs are not.

I should point out also that State registration programs such as Oregon's are deceiving the public. Parents operate under the assumption that a registered provider is somehow inspected, or monitored, or has passed some sort of quality assurance program. This is not true.

An application is filled out. A criminal records check is made on those individuals as a result of legislation I had passed in 1985, and one becomes registered, and they can advertise being registered.

This is true in other States as well. Thus the standards requirement, the staff training requirement under the ABC bill are critical parts of this proposed legislation.

I also want to point out though, that very, very little abuse—child abuse—occurs in day care centers or home care providers. Unfortunately, when these events do occur they receive attention in the press.

But the reality is that a very, very small percent of child abuse occurs in the day care setting.

I am sorry to have taken so long. I am confident that others will testify on key areas of the bill. Without question the ABC bill is the most important piece of social legislation in this country since

the passage of the 1964 Civil Rights Act. We care about the quality of our workers and our leaders of tomorrow. We must take care of today's children.

[Mr. Kopetski's statement may be found in the appendix.]

Chairman WYDEN. Mike, thank you. All of you have given a very, very helpful and useful presentation. Let me just ask a couple of questions. Ms. McClintock, under the ABC bill, a Federal lead agency would have to be designated by the State. Who would be the State agency in the State of Oregon if that bill became law?

Ms. MCCLINTOCK. I couldn't say for sure, but I assume it would be the Department of Human Resources. That department has both the adult family services division, which would be an agency administering the low-income funds that would come in for the State through the ABC bill, and it also has the children's services division, the agency that would be most affected by the regulatory and provider support provisions. That is what seems to make the most sense. I don't know why it would be another agency; no.

Chairman WYDEN. With respect to the way the funding works—as you know, the bill provides for an 80-percent Federal share; the State comes up with a 20-percent share.

We asked the Education and Labor Committee to do a breakout on that for us, and what we would be able to receive from the Federal Government in the first year would be $23.7 million. That would require the State to come up with its 20 percent share. I didn't get my calculator out in that regard.

Ms. MCCLINTOCK. A little bit over $4 million, I believe.

Chairman WYDEN. I'm glad you're ahead of it. What do you think our chances are? Would he be able to get that 20 percent?

Ms. MCCLINTOCK. That's a good question. It's not a good time budgetarily in Oregon, and it's hard to know where those funds would come from.

On the other hand, it is a good time in terms of the overall thrust, because we are, as a State, putting a focus on children. The State has not yet taken a position on the bill, and we don't know whether we could live with all of its provisions including the amount of money that the State would have to spend, so I can't say.

But we obviously would have to make the decision that the funds would have to come from somewhere else because it would be new money.

The other thing I should say is that it would not be just that matching amount as I understand. The State would also have to comply with some of the regulatory and programmatic requirements in other parts of the bill, which to the extent we're not already doing those sorts of things, we would have to spend money to make improvements in those programs.

So, I think the overall cost would be more than that matching requirement. I can't say for sure, but that would be the complete picture.

Mr. KOPETSKI. We are expecting some of the moneys we are spending currently though——

Chairman WYDEN. Should go to satisfy it.

Mr. KOPETSKI. Go to satisfy it, part of it, that's right.

Chairman WYDEN. I think that's right. Let me try and walk through what might be a timetable and maybe the two of you having dealt with the State level could tell us how this might work in Oregon?

This right now is in the authorization stage. You have to get a program authorized, and then you have to get the funds appropriated. I don't think it would be possible to go all the way through both processes in this session. I think, and, as one of the sponsors of this effort, I hope to see if we could get it authorized. If we could get the legislation between this and the Hatch bill authorized in this session, it would then mean that we come right to the beginning of the legislature in 1989 with the situation where Oregon would have to come up with some funds.

I spoke yesterday to the Junior League. There was discussion of a mini-ABC bill at the State level. One of the reasons that I felt that the push at the Federal level made sense is that it dovetails very nicely with the Governor's children's agenda. What do you think might occur in the legislature beginning in 1989 that could go to satisfying the State's share and, in effect, to begin to meet the requirements of coming up with some funds, because we're certain that we're going to have to come up with some funds to be matched by the Federal Government which hopefully is going to be the great bulk of the overall funding?

Mr. KOPETSKI. Well, I'm working with a group now and we've drafted the initial State ABC bill. We're also going to take it to the Child Care Commission to see if the commission itself wants to sponsor—certainly cosponsor—the legislation. So, there will be that legislation in, regardless of what Congress does with the Parental Leave bill.

In terms of the funding, I'm on the emergency board, and we're going to spend about $11 million, or something close to it, March 17 and 18 for the criminal justice system. It seems to me that what the Governor is saying is that children are a high priority of his both as Commissioner Koch talked about if we want to prevent crime, and if the Governor is saying we have to do something for the children, that his budget ought to have $4 million in it for children in this State. It's important as prevention. It's important for the children of the working parents of this State.

We can come up with the money if we want to. It's just like the Federal level.

Ms. MCCLINTOCK. As you have pointed out in other situations, Ron, the match is such an attractive one that I think a pretty strong case could be made for spending 20 percent to get as much as Oregon would stand to receive.

Chairman WYDEN. The only other question I have, and then I'll let Peter have some time on this, is there now a statewide information referral service?

Mr. KOPETSKI. No. For example, Four Seas here in Portland operates one, but only those businesses that paid into their employees' benefit from that. There are pockets here and there for balance. Corvallis gets one of the grants.

Ms. MCCLINTOCK. Yes.

Mr. KOPETSKI. Part of the grant, the $100,000 that I referred to, is to help Corvallis. We've got some money to Salem and the other ones——

Ms. MCCLINTOCK. Eugene and a tricounty, Placid, Tillamook, Columbia counties.

Chairman WYDEN. Would it be fair to assume then that one of your Federal priorities out of the Federal share would be to have a statewide information referral service, or a toll free line, or something of that nature?

Ms. MCCLINTOCK. We have a toll free line right now that parents can call to find out where they could go in their communities. The problem is that they don't have any going on in their communities. They're still stuck.

But I would certainly think that would be one of my priorities as a State. We've made a good start with this $100,000 that we set aside last time, and I assume we'll be looking toward doing that again, and the next session is going to get us a long way toward having a more complete system.

Mr. KOPETSKI. Congressman and Mr. Chairman, there are many ideas and energy out there in the community, and so many of these programs can and should be done at the community level—or maybe it's a school district level.

But it's not something you want to have a State network, necessarily. You would want the resources to go to the local communities so that they can take advantage of it.

Chairman WYDEN. Well said. Peter.

Mr. DEFAZIO. Yes, Mike; one of the things that you identified as being essential in the Federal bill is the training and the standards requirements for the workers, and I am curious, since Oregon led the Federal Government on parental leave, why Oregon isn't leading the Federal Government in this area?

Mr. KOPETSKI. Mr. Chairman, Peter, Congressman DeFazio——

Mr. DEFAZIO. Representative.

Ms. MCCLINTOCK. Your Excellency?

Mr. KOCH. The Child Care Commission had as one of its priority bills last session, the increasing standards, that enforcement of the standards cost money. The parental leave bill didn't cost money. That's what it got down to. We did get the bill to Ways and Means out of the Human Resources Committee, but when it came time to fund it, and it would have cost, as I recall, around half a million dollars, because you can impose the standards, but then you have to have more than one staff person to enforce the standards for 30,000 home care providers in the State of Oregon.

We have one and a half FTE positions now to conduct the investigations, et cetera, of licensed child care centers.

Ms. MCCLINTOCK. Eight and a half.

Mr. KOCH. I'm sorry, eight and a half staff? OK, I'm sorry, and there are 50 or 60 centers? Seventy-five? No more than 100? About 100 centers in Oregon.

Ms. MCCLINTOCK. Joe do you know the actual total number? Several hundred, I think. But we already don't have enough certifiers to take care of our centers, so we clearly have to add the staff for home providers.

Chairman WYDEN. You're hitting at something that again goes back to my concern just about the feds maintaining the effort level on the States making the effort to begin with. I mean, your priorities were in the right place, but I mean, I've been fighting in the State of Oregon for years over their level of Medicaid funding. There are a whole lot of optional Medicaid programs out there, programs that we could be subscribing to, to provide better medical care to women who are poor, pregnant, and other things, that the State of Oregon has never done because we have the lowest contribution rate outside of Alabama and Mississippi to those programs, and it's never been a priority of the State.

I realize this Governor has some different priorities, but I'm just hoping that we can see that kind of substantial change and find these moneys somewhere. I'm a little concerned about that. That's why I want to look at an approach that doesn't totally depend upon the feds or the States and also really encourages the businesses through the tax credits or something along those lines because that seems to have been a key through a lot of testimony today.

You seem to have some expectation that you said there were 30 to 35 employers now, and I guess that was before the tax credit went into effect.

Ms. MCCLINTOCK. We don't know the total number of employers that have some kind of program of 30 to 35 with information and referral contracts, but I certainly think we're going to see more with the tax credit. I don't know, though.

Mr. KOPETSKI. Congressman, I think you've hit upon the answers. You're an expert on energy, and you may know that the energy needs don't come from one sort of solution; that it takes a variety, and that's the answer in child care as well. There are different ways—nobody has even mentioned the role of churches in child care today. I think 70 percent of the centers are operated in the basement of a church. So, they are a very important ingredient in the child care frame as well.

Chairman WYDEN. Thank you. Really, what you all have talked about is a partnership. The question is how we can make the Federal Government a better partner in the overall effort, and that's what we're trying to do, in fact, in the consensus piece of legislation, so we'll be plotting and scheming with all of you to try to figure out a way to do this as comprehensively as we can. Thank you all for coming.

Ms. MCCLINTOCK. I think I'd just like to add that more than a single piece of legislation with specific provisions, I think we would be looking to the Federal Government for some leadership because it's an issue that deserves that much leadership as a national issue.

Chairman WYDEN. That's really the point, I think, of what the ABC legislation, which, of course, as a very comprehensive bill tries to do. I called it the first baby steps of a national policy; that is, to get the Federal Government in the business of sparking a national effort that would involve States; would involve local government; churches. I just have to think that we have the energy and the wisdom to go out and do it. Thank you all. I'm glad you're out there on the front lines.

Mr. KOCH. The commission thanks you for being a cosponsor of that legislation.

Chairman WYDEN. Thank you very much.

Mr. DEFAZIO. I would just like to reflect on Mr. Koch's testimony for a minute, too. It's something that always struck me because it cost generally $30,000 a year to keep an inmate in a secure prison, and yet for $3,600 a year we can provide tremendous child care. That's an interesting contrast to draw, I think.

Chairman WYDEN. Our next panel, Mr. Hal Elliott, administrator of Siuslaw Care Center, and Mr. Michael Powell, owner, Powell's Books.

Gentlemen, we thank you both for coming and know of your interest as small employers, and appreciate your patience. I also want to say that I have been able to learn through informed sources that my colleague is planning to go to Powell's later on to stock up on a supply of your wonderful products.

We thank you both for your patience. Why don't we begin with you, Mr. Elliott, and if you would summarize your key concerns, we will have a little time for questions. I'm sure we're going to go late, and I appreciate your help.

TESTIMONY OF HAL ELLIOTT, ADMINISTRATOR, SIUSLAW CARE CENTER

Mr. ELLIOTT. Thank you. My name is Hal Elliott. I am the administrator of Siuslaw Care Center, which is an extended care facility in Florence, OR. It was a long drive to Portland this morning. But I am glad to be a part of this.

Last year, about mid June, we began a modeling project in our facility, and since we were going to have some space available, I suggested to the holding company to do something about the child care necessity that we have in our business, and they were willing to do so.

So, on September 21, 1987, we opened a child care center known as Wee Care, W-E-E. It is licensed by the State for a maximum of 34 and 8 of those would be infants and 26 would be the other age group up to 10 years old.

I have been an administrator of long-term care for some 10 years, and part of the problem that we've had over this period of time is that employees don't have proper child care. If you are aware, in our business we are open 24 hours a day, 7 days a week.

The primary type of employees we get are normally younger women, many of them are single, and most of them are parents, and so they need some child care. They have told me things like babysitters quit; they get sick; they move to another location; and we don't have enough work when we need them to be there; absenteeism is high.

So, we developed this program last year, and I'm happy to say it's been very successful. In order to save some time, I'll capsulize some items.

One of the things that, of course, affects us on the bottom line is we may have a lot of absenteeism and turnover in recruiting and training your employees. So, in terms of some sort of impact on our business, number one, our program has been very convenient for our employees because it's on the site, the same building, for employees. When they take their breaks they can go visit the child if

they like. If the mother is nursing the child she can still come to work.

It's affordable in that even though we're open to the general public, our employees are less conservative. They have a rate up to 3 months. That changes at 1 year, and at 2 years, and again at 3 years.

To give you an idea of what we're doing, the average rate for an employee who's been employed for 2 years is $.50 an hour, which is, of course, pretty much unheard of elsewhere.

Also, it's available 24 hours a day, 7 days a week. I assume we're some sort of trend setter with this in doing that at this time. But we need nurse's aides, and nurses, and other people there 24 hours a day, so we're offering the service in the same way.

Our recruiting efforts are more successful; it's not so difficult to find new employees even in Florence, OR.

Our turnover has already gone down. In the last 2 years at our facility there has been over 100 percent, and I understand that in the Portland area it is even higher than that. Absenteeism has gone down, our tardiness has gone down, and stability is up.

Of course that's very crucial in our business because staff stability is directly related to patient care, which is my primary concern in our business. Again, in terms of what we are doing in terms of new patients in the care center is up, which I am pleased to say.

One of the real exciting parts of this program is the fact that we've developed an intergenerational program that brings the children and the older people together several times a week. They meet doing crafts, arts, music, drama, or even learning Spanish, if you can imagine that.

As I mention here in my written testimony, there was a situation here a few weeks ago when I stood and watched a craft class where the children and the adults were together, and one little girl was helping one of the patients do her craft because she couldn't do it. On the other side of the table was another resident who was helping the child do it, because the child wasn't able to. Really a heartwarming kind of cheery thing, and that was really neat for us.

So, that's a big part of what we're doing. Having the children in the same building, just being there, has been a real delight for all of us, especially for the patients.

The employees love it because they can feel secure with the trained staff, the credentialed people that we have doing this job. Our patient care, which is another bottom line in our business, is much better because the whole atmosphere is better.

My hope is that other long-term care facilities will kind of catch the vision that we have and do the same thing that we have in their facilities. If we can be of help to them, we're certainly willing to do that.

We understood that the tax credit in Oregon was available and came about after we had already been in the mid part of this process, so that was kind of an icing on the cake thing. Last, I would just like to say that I will support any Federal legislation that would help, especially low-income people who could get a tax credit, and as you are aware, Ron, in our business, the large percentage of people, the nurse's aides, who do most of the work, are

the ones who get paid the least, and they're the ones who need the help. Thank you.

[Mr. Elliott's statement may be found in the appendix.]

Chairman WYDEN. Thank you, Hal, for an excellent presentation. It really is great to see the innovative approaches you are taking. We'll have some questions in a minute.

Mike, we thank you. I also know you've been very patient. Fire away with whatever comments you'd like.

TESTIMONY OF MICHAEL POWELL, OWNER, POWELL'S BOOKS

Mr. POWELL. I'm Michael Powell. I'm the owner of Powell's Book Store. We have a total staff of about 105, of which 91 are full-time, 10 percent of which have preschool children. We've been in business for about 17 years.

In the early 1980's I became aware, as our staff grew and we began to have staff with preschool age children, that this was a source of stress and a source of overriding concern to staff people, the ability to afford day care. I began to investigate what I, as an employer, could do.

I became aware that the tax provisions of what I believe is called the Economic Recovery Act of 1981, which included Resolution 1792 gave businesses tax advantages for providing day care benefits. That's spelled out, in case you're interested, in IRS Publication 535.

Simply, what it allowed was that businesses could provide a day care benefit, cash benefit, to which the employee could spend at their discretion with proof of expenditure, and it was not taxable income to the employee. So, it offered some marginal advantage to the employee depending on their tax bracket, and continued that as a benefit for the employer, at least in its deductibility as an expense.

We set up a program at that time which allowed for a maximum benefit of $200 a month, or $2,400 a year, with the employee allowed to pick their provider, and we set it in such a way that it wasn't viewed as part of their wage packages but was treated as a normal benefit.

Currently, we have eight staff taking advantage of this, at the annual cost to us of $18 and $20 thousand. Two of these people are men, one of whom is a single parent, and six are women, one of whom is a single parent.

In addition, we also, as a normal rule, allow for flexible hours and part-time work, and a 4-day full-time equivalent work week, all of which could be taken advantage of by people who have child care problems or concerns.

As the cost of day care/child care has been well illustrated today, in my mind it's $250 for unlicensed and $550 to $600 a month—well, $400 to $550 a month for licensed daycare, when and where it can be found.

Comments from my staff when I polled them prior to coming here were such as the single most important concern that they had was the quality of the care that their child was receiving while they were on their job. Another comment that I found quite chilling actually was it was my offering the benefit was the reason for

being able to afford a second child. I don't like to think of myself being placed in that position by society or by anyone else to have that kind of power just through the offering of a benefit or withholding the benefit.

I am in the retail industry, which is not noted for paying high wages. A minimum wage to $7.00 probably covers the mass bulk of the people who work in the retail industry. If a child care cost run from $3,000 a year for one child in an unlicensed facility to $10,000 or $11,000 per year in a licensed facility, it's easy to see that the majority of a person's wages could go and do go to child care costs, robbing them of the incentive or the enthusiasm for work or sapping their enthusiasm.

The benefits to the employee are obviously a sense of greater security and knowledge that their child is in a facility that they're comfortable in and can afford; that they just aren't being totally eaten up by this need; and hopefully what we're getting out of it is a sense of job satisfaction and loyalty. I have to say that there are instances where it cuts both ways though—staff people who don't get this benefit because they don't have children. There are questions all the time: Are you going to give me $200 because it's only fair if they get $200 that I get $200.

Obviously, if you have 100 employees it's a lot different offering that benefit than when you're offering it to 9 or 8, as I currently am.

My sense is that, as an employer, I'm meeting an obligation I think probably I need to meet, certainly within, while the gap exists, and is not being met by anyone else, and that probably we're being innovative about meeting this need.

The whole question of whether or not this was my responsibility as an employer or whether it was society's responsibility is one obviously that is still up in the air and needs to be resolved.

It seems that increasingly employers are being asked whether with tax incentives or without them, to be the social service delivery agency in this country through pension plans and day care concern, and I'm not sure that's the appropriate avenue.

In our outline of chief concerns and conclusions, our profitability has allowed us to be able to do this. Most stores, most retailers, don't have the level of profitability that we've been blessed with. In my industry, for instance, the average annual profitability rounds in the 3.2-percent range. If you ask them to put 1 percent of their gross and put it in day care you're asking them to put the profitability, the bottom line profitability, by a third. Not many stores could or would, choose to do that.

One of the practical limits on the applicability of this particular tax incentive is that it limits the owner to 25 percent. In asking some of my peers why they're not doing it, the typical response is they only have two or three people on staff, including themselves, who could take advantage of it, and in their mind, it means you have to have at least four, and, in any case, it limits their enthusiasm for the plan.

I would rather see, I think, instead of us saying 25 percent, to put a dollar limit on it, so that you could say $300-$400 per month or an annual rate would give the employer who has children, as many small businesses are run now strictly by women, would see

the benefit of that and move into this plan, I think a great deal more easily.

Another real serious problem that we faced, being in the urban corridor, is there are very few facilities, particularly affordable ones, because of licensing and appropriate perhaps, and I think probably appropriate limitations on the siting of child care facilities.

Nursing mothers like to be close to their children. Everybody feels more secure to the extent that the child is closer to where they're working.

Congressman Wyden, I heard you refer to the fact that it would be nice if businesses got together and shared facilities. I think that is probably very unlikely given current law about what it takes to run a facility. I mean, licensing is a very complex, detailed, expensive to operate operation.

I have been somewhat involved in a Forest Park child care facility through having my manager serve as president of the board of directors. They had to find a new location. It is a very expensive proposition to run a break-even nonprofit day care facility in the urban corridor requiring costs per child in the range of $500 and requiring a break-even point of 30 to 40 children in order to meet the space, staffing, location needs, and that was only accomplished because the need to make space available as subsidized spaces.

The ability to site facilities strictly in the urban corridor is extremely difficult.

Finally, one of my last concerns is not associated with my business but with my activities in search of solutions to the needs of the homeless. In this city there are very few, in fact no day shelter facilities, until last week, for children and parents of children. So, while there is night emergency relief, they were out on the street early in the morning and could only return to those facilities as night fell.

So, many, many families whose situation is characterized as a homeless situation, were out there and could not find day shelter. So, it's not just a case of those people who were working, but even more perhaps those people who are not working who need day care facilities.

Chairman WYDEN. Well, my first reaction is I wish I could put you two in a Xerox machine and kind of make companies of you and station you all over, because your comments reflect, first of all, a commitment to this, and second, a willingness to be innovative.

Mike, I think your last point is very important as what works in the urban core may not work in a rural area and vice versa. We must come up with approaches that are tailored to a particular area.

I think I'm gong to let Peter, you are Hal's Congressman, if you'd like to start, that would be great.

Mr. DEFAZIO. I'm excited about Hal's program and have been for a long time. Both Ron and I, as you know, have a background in gerontology. For many years I have advocated the idea of putting in a day care facility, and my idea was not quite along your lines but very close. There is a tremendous pool of grandparents available out there, and this is something that these children miss out on. My idea was always something like Eupola Terrace in Eugene,

or in senior citizen housing facilities with some mobile seniors and to have one or two qualified day care workers and rotate the older people through on a sort of volunteer grandparenting role, and provide that for the children and also for the grandparents.

But you're having that experience in the home there, having them in, as you spoke of, during the activities. I would just like to talk about that because I just think that this is a tremendous part of this whole thing.

I mean it's very exciting to me the intergenerational concept.

Mr. ELLIOTT. We have in our particular facility, three levels of care. We have skilled people; we have ICF folks; and we licensed some residential care beds as well. That wing connects right to where Wee Care, the child care program, is. So, the elderly folks who are involved in these things are strictly voluntary, but it's the largest percentage of them do want to be involved, and it's been real exciting.

Mr. DEFAZIO. I just think that's tremendous. I don't know of any other place—do you know of any other place? I think you may have the national model.

Mr. ELLIOTT. Like you, it's been a dream that I have had as well.

Mr. DEFAZIO. I have to come visit and experience it.

Mr. ELLIOTT. Please do.

Mr. DEFAZIO. Because I just think it's tremendous, and I think that we're going to have a special part of the bill aimed at senior care facilities, and residential, and other.

Chairman WYDEN. Who else in the metropolitan area in terms of model projects? Are there other businesses that tried some model projects in the metropolitan area besides yours?

Mr. POWELL. No; I was just reviewing the list, and it seems like it's mostly the governmental or it's——

Chairman WYDEN. Government agency?

Mr. POWELL [continuing]. That have felt to respond, but not narrowly defined for profit operations.

One of the things I have been thinking about after I gave my testimony is that so often it seems like the catch order is if there is a tax incentive, if that somehow solves the problem. If there's a tax incentive, then business will leap in.

Well, obviously, the fact that this bill has been around for 7 or 8 years and to my knowledge, very few people leaped in, reflective of the fact that obviously business doesn't see this at times. It doesn't see this as an advantage to the bottom line. What I pay out, what anybody else would pay out, would come out above the bottom line, and we get nothing back for it, except the satisfaction and in terms of financials—it's not a credit. It's a little bit nicer from the Government's point of view with this, but it's relatively marginal.

I think that most businesses see it as relatively marginal, at least as an economic decision.

Chairman WYDEN. Well, that goes to the whole question of using tax policy as a way to attack social needs, and, of course, Congress made the judgment not long ago to move away from that kind of approach. Historically, or at least the notion over the last 20 years was if you wanted to do something, the United States would give a tax credit for it.

For some extent you would cheer and steer investment dollars and funds into those areas.

Now, we just made this judgment in the tax reform bill that the idea was that if you could lower people's rates, the more dollars in their pockets, the fewer tax breaks, and people would decide where on their own to spend their discretionary income. That's one of the concerns I have about going back now and building a whole new set of initiatives around tax incentives, and to some extent that runs contrary to what we decided in the tax bill.

We've got to really sort through this now, and it may be some combination of both, direct help for low- and middle-income parents and child care providers and like direct financial assistance, and there may be some tax things we could do as well.

Mr. POWELL. I think that a lot of businesses run based on the owner's sense of priorities, but most have not felt that this was an appropriate realm for businesses to be in, and they've been willing to do, I think mostly for PR purposes. A lot of them to have referral services. I mean, it's good PR to be out there and say hey, we've got a child care facility.

But the reality is most businesses don't see it as appropriate for them to be in. I can only assume that, because so very few are in it.

Chairman WYDEN. Thank you both. You've been really helpful, and I appreciate your patience as well.

Mr. POWELL. We want to thank you for making the long drive down. I drove down yesterday and up today, and I'm driving back down today, so I understand. Not quite as far as you.

Chairman WYDEN. I'm looking forward, Hal, to seeing that program as well. It's a gorgeous area to live in, as you all know, and I want to come and see your program.

Now, we may need to stretch this table halfway across Portland.

Ms. MADENWALD. No; we'll split it in two.

Chairman WYDEN. Split it in two? OK, why don't we have Ms. Polly Madenwald come up, and Ms. Joan Dunn-Antonsen, and Ms. Judy Giblin?

Polly, why don't we start with you, if that's all right, and I know you're kind of under the gun.

Ms. MADENWALD. That's true. This is the middle of tax season.

TESTIMONY OF POLLY MADENWALD, PAST NATIONAL PRESIDENT, NATIONAL FEDERATION OF BUSINESS AND PROFESSIONAL WOMEN'S CLUBS

Ms. MADENWALD. My name is Polly Madenwald, and I am a past president of the National Federation of Business and Professional Women, and the past president of the board of trustees of the National Foundation. I have been given the opportunity today to present the opinion and the position that the National Federation and the National Foundation have taken.

We have been calling it dependent care because we have been one of those people that has thought it would be a good marriage of child care and adult care or dependent care in some of the homes, and the reason I'm interested in what the gentleman just said is, we have a past national president who has an elderly care home in conjunction with a child care facility.

BPW is the largest and oldest advocacy organization in America for working women. We have worked since 1818 to ensure that the working women of America have a strong public policy voice at the local, State, and national level.

Additionally, BPW has worked to ensure access and opportunity for women in the workplace to help women strive for economic self-sufficiency, equity, and pay, and access to capital.

Through the work of our foundation, we provide scholarships, research grants, and business loans to women so that educational opportunities translate into economic opportunities. In that effort we have learned, in obtaining a degree, a woman can triple her income for the benefit of herself and her family.

While promoting women's role in the work force, BPW has worked to help business to adapt to the changing role of women and the resulting social and economic needs. BPW has 125,000 working women across America and a number of men as well.

Our members are business people and professionals and range from corporate vice presidents to entrepreneurs who are the business.

The Department of Labor has recognized in its study, Workforce 2000, that by the year 2000, 61 percent of all women are expected to have jobs. The study calls for economics to reconcile the demands for our economy, to reconcile the demands of women, work, and family when it states, and I quote, "What is needed is a thoroughgoing reform of the institutions and policies that govern the workplace to ensure that women can participate fully in the economy and that men and women have the time and resources needed to invest in their children. The need for high-quality day care has not yet been fully addressed. Government and private mechanisms to provide for the care of the children of working parents need further development." End of quote.

Mothers of children and others have learned the lesson of balancing their family responsibilities with their responsibilities to their professions. One of those lessons learned is that there has been little leadership or commitment thus far in the area of Federal child care.

At our national convention each July, BPW members decide on the issues to focus on in the year ahead. This year's focus includes the recognition that women in America today must work to fill many roles—spouse, mother, daughter, employee.

Women's expected role in American society and economic realities they face daily have given them a unique perspective on the issue of child care. America's families are faced with a tremendous challenge. Most women are no longer able to limit their careers to homemaking. Most American families no longer consist of a mother who stays home to care for the children while the spouse is at work.

As of March 1987, the typical family consisted of two parents and two children and accounted for only 3.7 percent of the entire population. Additionally, the number of females as head of families—90 percent of all single-parent families has increased from 91 percent in 1970 and 1980 and another 10 percent from 1980 to 1985.

As reported in the Department of Labor study, Workforce 2000, the trend of increased workforce participation by women is here to

stay. Women accounted for 44 percent of the civilian work force in 1985. As of March 1987, 52 percent of women with children aged 1 or younger were employed.

Most women are no longer able to limit their careers to homemaking. Most American families no longer consist of a mother who stays home to care for the children while her spouse is at work.

By 1995 two-thirds of all preschool children will have mothers in the work force; and four out of five school age children will have working mothers.

While record numbers of women enter the work force, the facilities to care for their children lag behind their needs. According to the Department of Labor approximately 11 percent of the smallest employers, those under 10 employees, provide some kind of child care service or benefit for workers. The study found that of the polled employers, only 2 percent sponsored day care centers for their workers' children.

Another 3 percent offered financial help to be used for child care. When you look at the actual number of businesses offering some form of child care assistance, it becomes obvious that the gap between needed service and those that currently exist could not be filled by business alone.

An October 1987 article from Savvy Magazine reported that about 3,000 employers currently offer some form of child care assistance to their employees in the form of onsite day care, information and referral service, financial assistance programs.

However, it is also reported that there are 6 million major employers in America, 44,000 of these which have 100 employees or more. In Oregon, 43.14 percent of working women have children under 6 years, and 64.54 percent have children between 6 and 17 years.

In Oregon the total number of child care centers in 1986 was 527 with a licensed capacity of 26,350, was the estimate. Family day care homes were approximately 3,000. Oregon is one of only 10 States which do not require all family day care to be regulated. Family day care of fewer than 6 children is only to be regulated voluntarily.

Regulation is required for family day care homes participating in the USDA food program for some subsidy programs. Oregon requires no ongoing training for which each child care center offered family day care providers.

The total number of children in Oregon under 6 is 234,891 and the number of children under 6 years living below poverty level is 34,908. Business trends indicate an increase of employer provided child care benefits. It is becoming obvious that many businesses recognize that providing child care assistance is good business.

In 1985, Cheryl Smith, A BPW member and small business owner, saw the need in her own company in Olathe, KS, to provide day care for her employees. After recognizing that her employees were being adversely affected by problems with finding day care, Ms. Smith formed Corporate Kids. Corporate Kids works for the corporations, labor unions, and employers to create onsite or near site day care centers, working with both medium to small companies.

Corporate Kids provides needs assessments, design programs, and will even provide management for the center. Although Ms. Smith has found the company with 250 employees is the ideal size to work with, she has created a day care plan for a real estate broker with only 36 employees.

Ms. Smith sees business bottom line adversely affected by stress, absenteeism, and tardiness in employees caused by lack of day care service. In Ms. Smith's own State, Kansas, the legislature recognizes the importance of addressing the child care needs of welfare mothers.

A new workfare program, Handwork, will be introduced and included financial support for day care. Ms. Smith sees such initiatives as very positive, and she says if Government agencies take a lead position in the area of day care, then private industry will follow.

We know that many of America's parents are not only hard-pressed to find available day care, but to pay for it. Out-of-home costs for one child can range from $1,500 to $10,000 a year with an average cost being $3,000.

Middle income families spend from 9 to 11 percent of their annual income on child care. Child care can cost middle income families as much as 26 percent of their incomes.

A single female parent earning the average annual wage of $6,400 is most likely to find it impossible to provide her children with day care. The average cost of $3,000 a year would represent 47 percent of her family's income.

According to the Bureau of Labor Statistics, one half of all working women earn under $10,000 and a full 80 percent earn under $20,000. Given these statistics, it has become evident that the ability to provide child care while trying to survive economically is at best difficult.

Many BPW members have been active in their communities working to fill in the gap created by the lack of affordable, quality child care. The Farmington and Flat River, MO, BPW's joined forces in 1985 to start a day care center at the Mineral Area College providing day care for students and faculty.

The program allows the women to train for job skills while their children are cared for by child care professionals at reasonable costs. BPW is proud of efforts of our members as an organization devoted to advancing women's economic rights, as business women who every day face the need for child care, and as women, we would support legislation that would be designed to improve the accessibility, the affordability, and quality of child care so desperately needed by millions of America's working parents.

We need legislation that will help our children grow and thrive. In a time of increased budget deficits, implementing this legislation requires leadership and commitment. Without national leadership that recognizes the need for such legislation, the future of the American family and productivity of the American work place will suffer. Thank you.

[Ms. Madenwald's statement may be found in the appendix.]

Chairman WYDEN. Thank you very much, you have been very, very helpful, and I appreciate it.

Ms. Dunn-Antonsen, we're going to be racing, I think, to meet the clock in terms of even having to get out of the building. If you could summarize the key concerns, we'll make your written comments part of the record in their entirety, and you all have done such fine work, I want to make sure that we get it all.

TESTIMONY OF JOAN DUNN-ANTONSEN, EXECUTIVE DIRECTOR, FRUIT AND FLOWER DAY CARE CENTER

Ms. DUNN-ANTONSEN. Thank you, I anticipated that might be the situation.

Chairman WYDEN. The clock is running.

Ms. DUNN-ANTONSEN. Right, I'm sure it is.

I'm Joan Dunn-Antonsen, the director of Fruit and Flower Child Care Center in Portland. As I stated in my testimony there is a dilemma. We're caught between two basic things. The studies clearly show the need for quality in care, and quality in care carries a price tag.

The hub of quality is your staff. The other problem is the staff are not paid what is sufficient to bring them out of poverty and also to hold them in the field.

So, that's kind of the hub dilemma of a provider of child care. As I have listened to the other testimony there are just a few other things that I'd like to mention that I think are specifically problems of a business that is trying to provide child care.

One of the things is liability insurance, and that was brought up. Our costs for liability insurance skyrocketed as a lot of other groups did in the past few years. Right now it runs more than $100 per child per year, and it is difficult to get full coverage that makes you feel comfortable. So, some on the board of directors are uneasy with being in that role, and I think if we want community involvement, that is one corner that is important.

Another thing that was mentioned—the Bauers mentioned the problem of a waiting list when you have a center that cares for infants, and we do care for infants. There is a terrific cost associated with caring for infants. The staff is one corner of it, but there are many other things.

Just a tiny example of it is before caring for infants, our laundry, for the same number of children, was about three loads of laundry a day. Now it's about 17.

Just all sorts of things. Our paper products costs has just skyrocketed. To keep a very clean environment for an infant requires certain kinds of things, and paper goods is one of the keys to it. So, paper costs are high.

We do run a large waiting list. There has been consistently about 400 people on that list. In addition to that we get many phone calls that choose not to go onto the waiting list. So, you'd think we'd want to expand, and our board has looked at that, but the cost of carrying another program is prohibitive.

We're subsidizing our present program about 50 percent, and of that subsidy, about 7 percent comes from United Way to help directly with low-income families. We serve more low-income families than that, and that comes from the fundraising of our agency.

So, the question our board faces is what will we do if we do expand? Will we continue to meet the needs of the community? We're serving some teen parents, some handicapped children, and some low-income families in our present facility. If we expand we will not be able to do that any more. So, that's the dilemma of an agency trying to sort out that.

On the second page of my testimony I talked about specific corners of the bill that I think are very important, and I will just highlight a couple of those.

One is the rate of payment to the provider, and I was a provider during the old title IV–A days when we had money before for child care, and one of the things that happened toward the end of that was that the rate was so low and the administrative costs so high, that agencies had to quit serving low-income families even though there was money there.

I would hope that a rate would be sufficient to not put you in debt because you tried to take the money. Of course, with infants there's two and a half the staff required, so it needs to be reflected in the cost for infants.

I think that everything else that I had to say is there. I so appreciate the support that you're giving to this. It's a delight to hear it. For those of us who have been in the field and have been kind of discouraged for a long time, it's a breath of fresh air.

If there is anything I can do to help you in your efforts, I'm here.

[Ms. Dunn-Antonsen's statement may be found in the appendix.]

Chairman WYDEN. Thank you so much. It is well-known that you all have a wonderful program. We really appreciate it here.

Ms. DUNN-ANTONSEN. Thank you, we try.

Chairman WYDEN. Ms. Giblin.

TESTIMONY OF JUDY GIBLIN, COORDINATOR/COUNSELOR, WOMEN IN TRANSITION PROGRAM, MT. HOOD COMMUNITY COLLEGE

Ms. GIBLIN. I will also abbreviate my comments. I am coordinator of the Mount Hood Community College Women in Transition Program. I am also the mother of a 14-year-old who is home this morning, and I can assure you that it doesn't get any less scary as they get older.

Chairman WYDEN. I have a 4-year-old at home with his mother in Washington. We know he's tearing the house apart.

Ms. GIBLIN. Well, I used to have 14-year-olds as day care providers, and now I'm thinking that the house is booming with rock music. Are there going to be any boards left on the house when I come home?

The Women in Transition Program is funded by a consortium of efforts and we are very proud of doing that, of pulling little pieces together to make a whole program. Mount Hood Community College has been a strong supporter of the program and is paying some salaries.

We get Carl D. Perkins voc-ed grants to provide mostly support services like day care, and other support services like transportation. We also have garnered a small community development block grant for that purpose, and we have some funds from the private

industry council to provide a job search assistant specialist for our women.

The purpose is to eliminate barriers to self-sufficiency for low-income women. We do this through an 8-week—well, initially an 8-week program. We have 3 weeks of a life skill seminar, and then we have 8 weeks of support group job club activities and things like that.

Each year we serve 130 women, and they need a lot of handholding, and 75 percent of our women have young children, and 45 percent of them are on aid to dependent children—at least that's what it's called in Oregon right now.

We boast a success rate of women attaining full or part time employment, and about 50 percent of the women that have been through our program since 1986 are now in school trying to get the skills that they need.

Even though we started in 1986, one of the things that we have said to our women is that we will stay with you until you get your self-sufficiency.

I wanted you to know that since the beginning of our program, women have continually come back because of the problems with child care, back up day care, sick child day care. It just goes on and on.

In the testimony that I've written here, I have two stories of women who have lost their jobs. One of them had a child with an allergy, and the other had a problem with a retarded child that we couldn't get adequate day care for to cover her job.

So, what I'd like to do is work with you, and I'd like to work with some of the agencies. This has also been helpful for me to be here today to meet other people. I'm going to follow through certainly on the Linn-Benton Community College Program and see how we can work together to provide some kind of way to make this work for women.

I applaud both of your efforts in this. I want you to know that. The Women in Transition Program is here to support whatever efforts and ideas you have.

[Ms. Giblin's statement may be found in the appendix.]

Chairman WYDEN. Thank you all for really excellent presentations. Let me ask a couple of questions only to try to attack some points that haven't been touched.

Ms. Dunn-Antonsen, let me ask about this insurance question because it's still a tremendous problem for all kinds of social service agencies and small businesses. I was a sponsor of a bill in the last session of Congress that became law and was the Risk Retention Act, which let small businesses and social service agencies pool their money and go in on cooperative kinds of insurance arrangements.

Is that something that has any possible use for you or have you examined that? Because there are a number of groups that have made a pretty widespread use of that. It's been of some help.

Ms. DUNN-ANTONSEN. I am also on the Child Care Commission, and that is one of the things that they are looking at and Shirley Harris on that commission has taken it on and met with some of the insurers and has come up with one that would be willing to explore that with us. So, I am hopeful that is going to help us.

Chairman WYDEN. As a cooperative kind of effort you all would pool your money?

Ms. DUNN-ANTONSEN. Right. I really don't think, while of course not a comprehensive solution in any way, but that is something that does give, in effect, small institutions being social services, or small businesses, a chance to get some clout in the marketplace because they don't go out there alone and, of course, is a risky field, and let them maximize their dollar.

Ms. DUNN-ANTONSEN. There are many day care centers that were unable to get coverage.

Chairman WYDEN. At all.

Ms. DUNN-ANTONSEN. Ours was increased but we at least had coverage, and I know of many that couldn't get any, so I think that would be very, very helpful.

Chairman WYDEN. How many would you say do go barren?

Ms. DUNN-ANTONSEN. We tried to find that out, and I don't know. I can't give you a figure, but our sense of it was that it was a considerable number.

Of course, in the family day care provider, there is an even higher number that felt like they couldn't carry the insurance.

Chairman WYDEN. That, of course, is very, very unacceptable because we can't let our children be put at that risk, and, of course, it is really an indictment of the present system, because if you go bare, you are, in effect, saying that if there is an accident, take the place; take the building; take everything. I'm closed.

I'll follow up with the Child Care Commission with that risk retention possibility, and of course there are a variety of other things that we're looking at as well. We're looking at trying to protect volunteers and social service agency programs and legislation introduced on that, and I really appreciate your comments on the insurance issue because that's going to be a real time bomb in trying to tackle this for the long term.

I don't have any other questions I guess because you all were so good, and so patient.

Peter do you have anything else?

Mr. DEFAZIO. I'm just curious about the program that Ms. Giblin is running. What do you see other than the 45 percent failure rate—you have a 55 percent——

Ms. GIBLIN. Yes; remembering that 55 percent of them get jobs and 45 percent of them are still in school. It's extremely high. Our recidivism rate is like 2 percent and welfare's is like 75 percent. That's only because we have a smaller number of participants for the number of staff that we have, and we call them all the time.

Mr. DEFAZIO. So, the counselling is a really strong adjunct in addition to providing some of the services?

Ms. GIBLIN. It's a crisis-oriented population, and when the lights go off is when they would normally call us and say, I'm in trouble.

So, we say, how are things going? Any problems? Are your bills being paid? They say, well, I did get this pink slip, but it's not going to go off for 30 days. Let's take care of it now.

Chairman WYDEN. Get out the baling wire and try to hang on.

Mr. DEFAZIO. But it sounds like you have managed to draw on a number of different programs, block grant programs.

Ms. GIBLIN. HUD is also a part that I forgot to mention. We get housing, low income housing immediately for participants that are ready to go into a job or school, and we hold off because we don't want to enable them to stay on the system better. We don't give them that housing until they are ready to make that move to a job or a school.

But they don't have to go on the 2-year wait list, that's the agreement. We've worked something with HAP.

Mr. DEFAZIO. So, you've worked out something with Housing Inventory? That's very interesting.

Ms. GIBLIN. Thank you.

Chairman WYDEN. Thank you all very, very much.

Our next panel is Ms. Elsie McFarland and Jim Berneau. Thank you both for your exceptional patience and for your commitment. I know for a fact that you've worked hard just to get here, and I really appreciate it, Ms. McFarland. We'll make a copy of your prepared remarks a part of the record in their entirety, and if you'd like to summarize some of your key concerns, that would be great.

TESTIMONY OF ELSIE McFARLAND, PRESIDENT, OREGON RESTAURANT AND HOSPITALITY ASSOCIATION

Ms. MCFARLAND. First of all, let me say I now fully understand how Debby Thomas felt waiting to be the last person to skate in the Olympics.

Chairman WYDEN. I love it.

Ms. MCFARLAND. But it's good to be here.

Chairman WYDEN. Thank you.

Ms. MCFARLAND. Honorable Congressmen Wyden and DeFazio, let me just identify myself. My name is Elsie McFarland. I own a restaurant just a few blocks from here called Caro Amico. I think I've probably seen both of you in there at one time or another. That restaurant has been in our family, my family, for almost 40 years now. I have not been the cook for 40 years, but for the last 16 years.

I am acutely aware of the concern for child care, and I want to tell you, I first recognized this about 29 years ago when I had my first child. Some years later after having the third one, my consciousness was even more raised. I had been in the work force for 24 years; the last 16 years in the restaurant industry both as an employee and as an employer.

Today, I'm representing myself personally as the owner and operator of Cara Amico, and also professionally as the president of the Oregon Restaurant Hospitality Association. That association is 1,300 members strong, representing a population of 6,000 eating establishments here in the State. See how many choices you get.

Over 70 percent of those eating establishments are independent, owner-operated, and over 70 percent of those have under 20 employees, and over 70 percent of those have under $500,000 a year gross. And that's who I am, too.

So, I think when you look at me, I am representing our industry in a fairly representative fashion. We do have all of the statistics there in my report. More than probably you'll ever want to know

about our industry, and I trust that those will be possibly of some use to you later.

But I just want you to see me as a representative, and I want to share with you very briefly, because I know our time is limited, what is going on as far as what we're doing with our employees.

As an independent owner-operator, let me describe what is really going on in my business, and let that speak for the industry. So, here I am sitting in front of you today having worked a shift last night, by the way, in Cara Amico, and we are open 6 days a week. We open for business for the public at 5:00 and usually close at 11:00 or 12.00, so we are a fairly short shift.

We do have people who come and do prep work starting at 1:00, 6 days a week.

I do have 20 employees and 12 of those employees are women. All of my employees are in the childbearing years.

I want to be more specific and tell you about one of my employees who is female, 35 years old, with a 7-year old child. She had been working for an attorney here in downtown Portland. Her salary was $1,200 a month. Working for that attorney, coming to work every day in town, she had to have a wardrobe. She had to pay for parking. Daily she had to buy lunch, and monthly she had a considerable cleaning bill in keeping her wardrobe presentable.

On top of that she had to provide for the 7-year old daughter and pay for child care.

At the end of the month she didn't have a whole lot of real, disposable income left, after she made her expenses as far as holding her job.

In addition, she tells me that she left the house at 7:30 a.m., and she's home at 5:30 p.m. Those of us with small children know that their main schedules are about 6:00 or 7:00 in the morning to about 8:00 or so at night. So, when she came home she was frustrated. Her time with the child was short. She had to make dinner, get the child ready for bed, attend to homework, and that sort of thing.

An opening occurred in my restaurant 6 weeks ago. She had been working for us on a part-time basis 1 or 2 nights a week, so she chose, she made a conscious decision for her own piece of mind and for the welfare of her child. She gave notice in her downtown secretarial attorney's job, and she now works for me 3 days a week.

She comes to work for me at 5 and is home by midnight, and now she and her husband are the primary caregivers for the child. The two parents are now providing care for that child, which I assume, having talked with her at great length, knowing that I would probably be using this as testimony here today.

There is certainly a lot less stress on her and her husband. They're feeling better about it and so does the child. Their costs are decreased considerably, and she now takes home more money than she did working for $1,200 a month in the attorney's office.

So, essentially what I'm trying to say to you here today is that as an industry and again looking at what I represent in the industry, here in Oregon—this is statewide, that as president of an organization that represents that industry, I want to point to you that we are already doing things—not in child care per se, but that facilitate the need for parents, and we are one—as I just explained to

you here, we have provided an alternative situation for many parents.

We are providing flexible scheduling, job sharing, and offering part time work and have been doing this for some time.

Our industry, our very strength, is in the fact that we are very small, and we are flexible. These attributes enable us to provide on a daily basis for the individual needs of our employers.

We are able, the employers in our industry, to provide, as I said, on a daily basis, a personalized individual support system for these employees and for the employees who are parents with small children.

The operators in my industry—we called them in the last week and a half, and I'm going to read this, the only thing I'm going to read to you today—have stated that they do not think it a prudent move to simply give large or small grants in an attempt to respond to the current concern regarding child care, child welfare or child care.

That is the direct quote from the operators in my industry. I think primarily, Mr. Congressman, we're concerned about some of the other—what I've heard some of the other people say in that many times such action will find the funds being gobbled up in administration and the direct benefit does not get to the person who needs it, the parent with the child facing costs in the care of that child.

The employer's needs are different. We are independent individuals. I have an Italian restaurant, and my Italian restaurant is different than a Sicilian's Italian restaurant, and that's because our operations reflect our individual personalities and us as individuals, and that is our essence, our strength.

What's good for one employer is not necessarily good for another employer. What works in one case will not necessarily work in another case.

So, I am here to submit today that it makes more sense to me personally and to our industry that we have a simple system of employer incentives and employer-employee tax credits, even though I heard your comment moving away from that sort of thing.

A large, controlled, uniform program for our industry will still not meet the individual's needs. I think it is really important that the State and Federal governments both encourage us in our industry to continue to use our strength in being small to maximize our effectiveness in responding to the individuals needs and continue to provide that support on an individualized, personalized, basis. Thank you very much for my being able to be here to testify in front of you today. Thank you for your attention, and I hope to see you in our restaurant soon, in the State of Oregon.

[Ms. McFarland's statement may be found in the appendix.]

Chairman WYDEN. Thank you very much, Ms. McFarland. I'll have a couple of questions in a minute, but that's very helpful, and I'm very appreciative.

Mr. James Berneau, our friend who does such an outstanding job representing small business, and who I know, for a fact, had a lot of obligations today and made a lot of time for this. I really appreciate this Jim, and any comments you'd like would be great.

TESTIMONY OF JIM BERNEAU, DIRECTOR, OREGON CHAPTER, NATIONAL FEDERATION OF INDEPENDENT BUSINESS

Mr. BERNEAU. Mr. Chairman, Representative DeFazio, I think that you should be thanked as well for taking your weekend to come out here to speak about this issue.

As you know, I represent the Oregon chapter as its director of the National Federation of Business, and we have about 13,500 members in Oregon. The average employee size, if I remember here, is about seven, although we represent sole proprietors with no employees to firms of 309 employees in size.

Generally, most small business owners know that helping employees provide child care makes just good business sense. One of the primary reasons why this is becoming more and more true is because employers now are facing a labor shortage in certain industries, and that will continue to occur.

That is why the issue of minimum wage is not as big an issue as it used to be, because many employers in a number of industries are paying about that, just to attract employees.

Mr. DEFAZIO. Does that mean, then, that I ought to be willing to impose an increase?

No; I don't want to get to that topic.

Mr. BERNEAU. Our policy on that issue is well known. But the point I was trying to make is that what's happening is that employers who are having to provide a benefits package that meets the needs of their employees, that's one of the first fundamental changes that is occurring in our economy, and that's one of the reasons why in many ways market forces will produce solutions for this problem.

But they aren't about the kind of leadership that you need to provide. One of the problems that small business owners have with this issue is that they don't have good information, and that's an area where you can help us a great deal in providing information to Oregon employers.

One of the reasons why Oregon needs your help, perhaps more than most States, is that we are dominated by small businesses. We have a small business run economy. We are unique in some respects in that we are the premier small business State in the country.

So, our needs are different and they need to be approached differently. We don't have the economies of scale of large firms. That's why sophisticated child care centers options, things of that nature, won't apply for many of the firms here. But we are aware that the benefits of increased productivity and also longevity are reducing employee, valued employee, turnover in businesses and will be helped by these options.

One of the things that is sometimes difficult to understand is that many small businesses are very marginal in terms of their ability, even though they still provide employment and wealth, the creation of wealth, in the community. But because they are marginal—many small businesses are marginal—even the added cost of payroll, worked on providing, for example, this benefit of Federal tax incentive, tax free, Federal tax free payroll deduction for child

care, is a burden to a small employer. You don't realize that can be the case, but even those accounting requirements are a burden.

So, what I'm here to do is first acknowledge to you that most business organizations, both national and State, do not have a policy on child care. That's the first thing that I think businesses need to do is organizational data referral. Some today do, but most do not.

So, that's one of the first orders of business to have them do that. The second is to help you and to work with you to gather information and data about just what the status of the situation is here right now, and you can help us do that. We can work with you to do that, to effectively collect that kind of survey information, so we can find out really what's going on up there, what our options are.

The last thing is I'd like to encourage you to look at the incentives. Congressman Wylie spoke about the changing tax policy, but here in Oregon, the Oregon chapter of the NHIB supported a health care program for small business employees that was backed by a State tax credit.

It's not in operation yet, but there are many, many small business owners waiting to take advantage of the State pool to provide low-cost health care for their employees, backed by a tax cut, and quite a healthy one.

I think you can design tax incentive programs that will encourage employers to look at these options. The old, the big tax cut program that was abolished by Congress was the Investment Tax Credit, as you recall. There are reasons why it was probably sound economic policy to abolish it.

Ninety percent of the tax credit that was taken, or the revenue loss, was taken by the top 200 corporations in this country, and most of that went to replace labor. Most of that capital investment went to replace labor, and so there was an enormous tax subsidy that was flowing to those companies.

So, when you look at the issue of tax directed social policy, you need to evaluate on a case-by-case basis. That's why we supported the abolition of Investment Tax Credit, as you recall, in the last big change, because it just made sense to lower the rates than to provide that kind of a subsidy.

But this is something you have to look at, at least.

The last question is the question that Congressman Wyden might ask about what's the State going to do in terms of child care and support?

You hear the familiar song each legislative session, but there just aren't the resources there. But having been down there for as many years as I have, seeing how the process works, it is simply a matter of setting priorities, and that's where you can apply pressure on to your leadership.

Redirect the extent of your State resources to meet this need, because that's what's going to have to be done, and there's no reason really why it can't be. There are some expenditures that we incur now in our State that made a lot of sense some time ago, that may not make as much sense now compared to these other compelling needs. I don't think we need to be afraid to attack this.

Chairman WYDEN. Well, you both have given us really great, thoughtful comments. Let me try and summarize, at least, how I see these bills progressing for small businesses.

First of all, I understand the concern both of you have in this idea that suddenly a bunch of Congressmen or the Federal Government are on a binge. Hi, we're the Federal Government. We're here to help.

Everybody from small business suddenly takes to the hills and says, I don't want to get near this. This is something that I understand is a plausible, legitimate concern. Let me just see if I can just lay out a little bit of what's being looked at.

None of this is even resembling anything mandatory for small business. In other words, there has been wide debate over a number of different mandatory benefits kinds of questions, but nobody on any side of the aisle holding to any recognizable philosophical persuasion, is talking about a mandated benefit in the context of child care.

The ABC bill, which is one of the biggest price tags, which I have supported, earmarks 75 percent for direct financial help to low- and middle-income parents. Presumably, in many instances, they would be able to take care of their child care needs before they even arrive at the door of one of your members to work.

In other words, they would, as part of welfare reform and other initiatives, get the bulk of the financial help directly to them. They would take care of their child care needs at various places, many of which we have heard about today through the Flower and outstanding programs in the community, and then show up in the community at your place of employment, or one of your members or workers who wouldn't have to worry about child care. So, that is even in the area where the bulk of the money would be spent where this thing would go.

With respect to tax credit, you all make very helpful points. I brought up the tax issue earlier to more make a recitation of where we were as a result of the laws rather than my own bias.

Personally, I have backed all these tax credits for all these socially desirable things since I was director of the Grey Panthers, and I was for tax credits for people for every manner of saving—a tax credit for solar power and tax credits for taking good care of handicapped people and older people. I was just sort of Mr. Tax Credit. I thought we ought to have it for everything.

I only bring it up by way of saying that now we have this change in Federal law as a result of that tax reform bill, and people are looking at the tax credits more cautiously, and I think the point that you made about how this was an opportunity to do something very targeted, as opposed to the areas which I think were addressed in the last bill like the change in the investment tax credit, because it seems so untargeted. That's a very good argument, it seems to me, for having some tax credits as part of any kind of consensus bill that we go to.

The other question I have for you, Ms. McFarland, was a comment I think you made, and I read about employers not seeing child care for people you were talking to as a significant obstacle for the employees.

Are employees somewhat uncomfortable about bringing this to the attention of the employer? Because they feel well, it's going to make it tough for me to——

Ms. MCFARLAND. Should I make a sexist statement here, I would suspect that in many cases where the employer is male, the young mother involved would be hesitant to bring that to the attention of her employer.

Chairman WYDEN. Perhaps if there is a woman, there might be a degree of sensitivity?

Ms. MCFARLAND. They may not be quite as reticent; yes.

Chairman WYDEN. I think that probably is a very perceptive aspect of it, and that's why it's so exciting to see someone like yourself—and I want to make sure that you know that I heard that—is out there trying to figure out approaches to be sensitive to your employees regardless of any bills. That's a key element to the strategy. The legislation goes so far, but it's something that has to be flexible so that people like yourself can still do and imagine the things, and flex time, and job sharing, and the rest to help people.

I guess I don't have any other questions.

Peter, did you want to ask anything?

Mr. DEFAZIO. Just sort of a statement and that is, both the NFID, the Oregon chapter, and the Oregon Restaurant and Hospitality Association, I really would invite both your groups to participate in a productive way. I think there will be a bill coming out of Congress, and the question will be what form will it take. As I said during my opening remarks, I have concerns about the sustainability of something that is a $2.5 billion-a-year Federal program. I think that it should be a combination bill. The fact is you have to deal with the working poor, middle income people, and you have to deal with standards, the accessibility problem, and the tax credit issue. I wasn't there for the great so-called tax allocation reform. I would have voted against it. I agree with you on the investment tax credits, but what should have been done is to target it elsewhere. Because two large corporations have used it a certain way, and they've taken all the tax advantages, we're not going to have the tool at all, and too often we go from nothing to everything. That's the same thing here. There's no Federal policy in child care, and we might go from nothing to everything and find that next year Congress won't fund it even though we might have a policy.

So, what I'm looking for is a sustainable, workable approach on some sort of a middle ground and invite your groups to participate in.

Chairman WYDEN. I think that's a great summary. We have a lot of work to do, and we're going to do it by reaching out to small business, and reaching out to the child care providers, and the local governments, and the State governments, and I just have to think that kind of partnership is the way we'd do it in Oregon and can't be beat.

I thank you all for your exceptional patience, and unless you all have anything else you would like to add, we will adjourn. I think we have exhausted the day.

[Whereupon at 1 p.m., the subcommittee was adjourned, subject to the call of the Chair.]

APPENDIX

TESTIMONY BEFORE THE HONORABLE RON WYDEN

MARCH 05, 1988

CITY OF PORTLAND, COUNCIL CHAMBERS

RECEIVED
MAR 1 1988
Hon Ron Wyden

Congressman Wyden,

My name is Michele Tennesen. I have been a family (in home) child care provider for over five years. I'm currently a member of the Oregon State Child Care Commission, and Director of Provider Resource Organization (P.R.O.) P.R.O. is a support, education, and advocacy group for family child care providers. We have over two hundred members in the Tri-County area, and have recieved national recognition for some of our programs, and are the largest association of its age without U.S.D.A. Child Care Food Program funding.

When P.R.O. was beginning over three years ago it became apparent that there was a tremendous need in our child care community for technical assistance. Many providers today are unaware they need to claim taxes, and if they do, they need to file different schedules. Many feel they have no recourse against non paying parents, which unfortunately is common. Many do not understand they are in business just as much as a hairdresser or neighborhood retail merchant. Many feel they are at the mercy of the parents they do child careforand are unable to ask for policies which protect their rights as wells as thoseof the child and parents.

Those within the profession of family child care are not the only one's lacking education about child care. I'm sure you'll agree that your own education about child care has greatly expanded since you began working on the A.B.C. Bill. It is a labor issue, a social issue, an economic issues, a children's and people issue. Attempts to pidgeon hole child care are unsuccessful because of the diversity and complication of the issues.

Three years ago in an effort to help members of P.R.C advance themselves professional I contacted the Small Business Adminstration here in Portland, I was connected to their representative of women's businesses. When I told her about us and asked how we could work together she was clearly confused about what family child care providers would have to do with the Small Business Administration. It is no wonder so many providers themselves don't see themselves as professionals.

At the same time we contacted several collection agencies to ask about assistance in collecting overdue accounts. Only one of 10 even replied to our query letter, and his response was "Would it be worth it?" I'm sorry to day my answer today would have to be "No, it wouldn't be worth it."

For every child care provider in the Tri-County area that understands they are business persons and need a business mind set there are about 15 who don't because of purposeful ignorance or lack of education about child care as a business.

Part of the reason this exists is because of the baby sitter mentality which society as a whole perpetuates. This mentality would have us believe that all child care workers are uneducated and unemployable persons who usually watch soap operas and eat bon-bons.

When child care in the home began in earnest during WWII mother watched other children as an extension of mothering, and perhaps part of the war effort, not as a business. This mentality is still with us. Many providers themselves have difficulty understanding they need to blend the loving, nurturing part of child care with the hard cold cash aspect of it.

When a provider, Mary Gardner, recently approaced the S.B.A. for assistance obtaining a loan to expand her child care musiness all she received was a few marketing tips. She felt she was treated like a second class citizen, and told her sex, age (58), and the babysitter mentality were strikes against her.

Personally, getting credit because of my occupation has been difficult. Last August when pruchasing a care the bank loan officer refused to acknowledge my child care income. It was only after I reminded her the chair of the Oregon State Child Care Commission was a friend of mine and Vice President of the bank that the loan finally began to move smoothly.

So what are some of the solutions? Education. Education to businesses, community college business departments, banks, accountants, the I.R.S., attorneys and the general public. Without thier help we are in danger of forever being ruled by the babysitter mentality. Help them to help us understand we are a business and need to be respected as such.

Groups such as ours (P.R.O.) play a valuable part in raising consciousness of providers. We need all the support from the community we can get. As always, one of our favorite supports is money, but knowing its unavailibility we would just appreciate your spreading the word about the importance of child care----and its caregivers to everyone. We are the keepers of tomorrow, and we need the help of everyone to respect us for the important job we do and give us the same professional courtesy they would give to those who tend bar, dictate letters, and even serve in congress.

Hanna Andersson

Swedish quality in 100% cotton clothing.

To: Congressional Subcommittee on Regulation and Business Opportunities

From: Gun Denhart
Hanna Andersson Corp.

Date: March 2, 1988

Re: Federal Child Care Legislation

My name is Gun Denhart. My husband and I own Hanna Andersson Corporation, which is a mail order company that sells all cotton clothing from Sweden. We started this business four years ago in our home. In 1986 we did approximately $7,000,000 in sales with the help of about 50 employees. Hiring and keeping good employees is crucial to the success of our business. Nearly all of our employees are women and many of them are mothers of small children who are working part time. I am also a working mother and realize from my own experience the difficulties of working while taking care of small children.

When a mother works, it is not uncommon to have much of her paycheck consumed by child care expenses. Child care is often inadequate or undependable. If a child becomes ill, there is often no choice other than that the mother miss work. This is very hard on employers who are counting on the employee to come to work and on the mother and child.

We feel that obtaining good child care for our employees is so important that we have spent a good deal of time trying to find ways to help them with child care problems. Hanna Andersson pays one half of the cost of child care for all of its employees. Under a new Oregon State law, Hanna receives a tax credit equal to 50% of the contribution to the cost of child care for employees. We have also established a dependent care assistance program under IRS Code Section 129 which most of our employee mothers are utilizing.

We have investigated establishing our own on site day care center. At this point we are unwilling to pursue that idea because it would require administrative expertise that we currently lack and also because of the enormous cost of liability insurance for day care centers. As near as I know, none of our employees receive the federal child care credit because in their tax brackets, it is more advantageous to use the dependent care deduction under Section 129.

In order to run our business, we need the help of these valuable employees and they need help in finding good affordable care for their children so that they can work. Congress can help in this effort by investigating the feasibility of additional tax benefits and other incentives to employers to assist working mothers. Some way should also be found to limit the cost of liability insurance for day care centers.

1010 N.W. Flanders Portland, OR 97209 503/242-0920 800/222-0544 Fax:503/222-0544

Testimony of

MARY LOUISE MCCLINTOCK, CHILD CARE COORDINATOR

DEPARTMENT OF HUMAN RESOURCES, STATE OF OREGON

Before the

U.S. HOUSE OF REPRESENTATIVES COMMITTEE ON SMALL BUSINESS

SUBCOMMITTEE ON REGULATION AND BUSINESS OPPORTUNITIES

Portland, Oregon

March 5, 1988

CHAIRMAN WYDEN, MEMBERS OF THE SUBCOMMITTEE:

THE ECONOMIC IMPACT OF CHILD CARE IS AN ISSUE OF CRITICAL IMPORTANCE TO GOVERNOR GOLDSCHMIDT, AND I'M PLEASED TO HAVE THE OPPORTUNITY TO PARTICIPATE IN A CONGRESSIONAL FORUM ADDRESSING IT.

AS OREGON'S CHILD CARE COORDINATOR, MY MAJOR ROLE IS BOTH ENCOURAGING PUBLIC AND PRIVATE EMPLOYERS THROUGHOUT OREGON TO BECOME INVOLVED IN CHILD CARE, AND PROVIDING ASSISTANCE TO EMPLOYERS AND EMPLOYEES AS THEY DEVELOP PROGRAMS.

MY PROGRAM WAS ONE OF THE FEW NEW PROGRAMS GOVERNOR GOLDSCHMIDT PROPOSED IN HIS FIRST YEAR IN OFFICE - A YEAR IN WHICH HE WAS FOCUSING ON ECONOMIC DEVELOPMENT. CHILD CARE HAS BECOME AN EXTREMELY CRITICAL PART OF OUR STATE'S ECONOMIC, AS WELL AS SOCIAL, INFRASTRUCTURE AS A RESULT OF CHANGES OVER THE LAST GENERATION IN THE COMPOSITION OF OUR WORKFORCE. DEPENDENCE UPON CHILD CARE AFFECTS OREGONIANS IN ALL PARTS OF THE STATE, AND AT ALL INCOME LEVELS.

THE PICTURE IS PAINTED BY STATISTICS THAT ARE FAMILIAR TO ALL OF US BY NOW:

- 60 PERCENT OF OREGON FAMILIES HAVE MORE THAN ONE WAGE-EARNER.
- THE MOTHERS OF MORE THAN HALF OF OREGON CHILDREN UNDER THE AGE OF SIX WORK OUTSIDE THEIR HOMES.
- 65 PERCENT OF MOTHERS OF OREGON SCHOOL-AGE CHILDREN ARE IN THE WORKFORCE.
- THE FASTEST-GROWING SEGMENT OF OUR WORKFORCE IS WOMEN WITH

CHILDREN UNDER THE AGE OF ONE YEAR.

- WOMEN ACCOUNTED FOR 98 PERCENT OF THE INCREASE IN OUR STATE'S LABORFORCE BETWEEN 1979 AND 1986, AND THE OREGON EMPLOYMENT DIVISION PREDICTS THAT TWO-THIRDS OF NEW ENTRANTS TO THE WORkFORCE THROUGH THE YEAR 2000 WILL BE WOMEN.

IT'S ALSO CLEAR THAT THESE WORKFORCE SHIFTS ARE OCCURRING PRIMARILY FOR ECONOMIC REASONS:

- THE OREGON COMMMISSION ON CHILD CARE REPORTS THAT THE AVERAGE TWO-WAGE-EARNER FAMILY TODAY HAS LESS BUYING POWER THAN THE AVERAGE ONE-WAGE-EARNER FAMILY 20 YEARS AGO.
- 70 PERCENT OF WORKING WOMEN ARE THE SOLE SUPPORTERS OF THEIR HOUSEHOLDS, OR ARE MARRIED TO MEN WHO EARN LESS THAN $15,000 PER YEAR.

THE MAJORITY OF OREGON'S CHILDREN NEED CARE EVERY DAY BY SOMEONE OTHER THAN A PARENT. IT IS NO LONGER UNUSUAL FOR AN EMPLOYER TO FIND THAT AS MANY AS 50 PERCENT OF HIS OR HER EMPLOYEES ARE PART OF A TWO-CAREER FAMILY.

YET, AS IMPORTANT AS IT IS, WE FIND OURSELVES WITHOUT A CHILD CARE SYSTEM THAT MEETS OUR NEEDS. THERE ISN'T ENOUGH GOOD QUALITY CHILD CARE IN OREGON -- AND YOU WOULD HEAR THE SAME IF YOU HELD THIS HEARING NEARLY ANYWHERE ELSE THE COUNTRY. THERE ARE PARTICULARLY CRITICAL SHORTAGES OF CARE FOR INFANTS AND TODDLERS AND SCHOOL-AGE CHILDREN, AND OF CARE AVAILABLE AT NIGHT AND ON WEEKENDS AND ON A PART-TIME BASIS. WHERE CHILD CARE IS AVAILABLE, THERE OFTEN AREN'T ENOUGH MECHANISMS THAT HELP PARENTS FIND IT. AND IT'S EXTREMELY DIFFICULT TO AFFORD. THIS IS A SITUATION THAT HAS CONSEQUENCES FOR OUR CHILDREN, AND FOR OUR FAMILIES, AND FOR OUR ECONOMY.

WE'RE EMPHASIZING EMPLOYER INVOLVEMENT IN CHILD CARE FOR A COUPLE OF REASONS.

ONE IS THE OPPORTUNITY TO LEVERAGE PUBLIC DOLLARS. THERE AREN'T ENOUGH GOVERNMENT RESOURCES TO SOLVE ALL OF OUR CHILD CARE NEEDS, AND FAMILIES ALREADY ARE STRETCHED TO THE LIMITS OF THEIR FINANCIAL RESOURCES. WE SIMPLY NEED THE PUBLIC AND PRIVATE SECTORS TO WORK IN PARTNERSHIP ON THIS.

THE SECOND IS THAT EMPLOYERS HAVE A BIG STAKE IN THE ADEQUACY OF OUR CHILD CARE SYSTEM, AND CAN BENEFIT DIRECTLY BY PARTICIPATING IN SOLUTIONS TO THE CHILD CARE PROBLEMS OF THEIR EMPLOYEES AND COMMUNITIES.

WHAT ARE THE ECONOMIC IMPACTS OF CHILD CARE?

THE MOST IMMEDIATE IS THE LINK BETWEEN CHILD CARE AND WORKFORCE PRODUCTIVITY. THE CHILD CARE PROBLEMS OF WORKING PARENTS CAN AFFECT THEIR ABILITY TO BE GOOD WORKERS. AND CHILD CARE NEEDS HAVE A BEARING ON THE DECISIONS OF WORKING PARENTS TO GO TO WORK FOR OR REMAIN WITH PARTICULAR EMPLOYERS.

WORKING PARENTS HAVE ALWAYS KNOWN THIS, BUT WE ARE NOW BEGINNING TO HAVE EMPIRICAL DATA. FORTUNE MAGAZINE LAST YEAR RELEASED A STUDY WHICH FOUND THAT AMONG MALE AND FEMALE EMPLOYEES WITH CHILDREN UNDER THE AGE OF 12, "CHILD CARE IS THE MOST SIGNIFICANT PREDICTOR OF ABSENTEEISM AND UNPRODUCTIVE TIME AT WORK." PORTLAND STATE UNIVERSITY'S REGIONAL RESEARCH INSTITUTE - WHICH DOES NATIONALLY-RECOGNIZED WORK AND FAMILY RESEARCH - FOUND SIMILAR CONNECTIONS SEVERAL YEARS AGO IN A SURVEY OF 8000 EMPLOYEES IN THE PORTLAND AREA.

THESE FINDINGS MAKE SENSE. IT'S DIFFICULT TO GIVE YOUR HEART

AND SOUL TO YOUR JOB WHEN YOU JUST DROPPED YOUR CHILD OFF AT A CHILD CARE FACILITY YOU ARE UNCERTAIN ABOUT BUT WHICH IS THE BEST YOU CAN AFFORD. A PARENT WHOSE SHAKY CHILD CARE ARRANGEMENT FALLS THROUGH FROM ONE DAY TO THE NEXT MAY HAVE NO CHOICE OTHER THAN TO MISS WORK FOR A FEW DAYS WHILE SETTING UP SOMETHING NEW.

WE ALSO HAVE EVIDENCE - ALBEIT SOMEWHAT LESS SCIENTIFIC - ON THE POSITIVE SIDE OF THE EQUATION. THERE HAVE BEEN SEVERAL NATIONAL SURVEYS - AT LEAST TWO OF THEM FEDERALLY-SPONSORED - OF EMPLOYERS WHO HAVE ALREADY ESTABLISHED CHILD CARE-RELATED PROGRAMS FOR EMPLOYEES. AND I HAVE INFORMALLY SURVEYED SOME OREGON EMPLOYERS WITH CHILD CARE PROGRAMS (SOME OF WHOM I UNDERSTAND YOU'LL HAVE THE OPPORTUNITY TO HEAR FROM LATER).

NOT ALL, BUT MANY EMPLOYERS WHO HAVE FAMILY SUPPORTIVE POLICIES OR PROGRAMS REPORT THAT THEY BELIEVE SUCH PROGRAMS ARE A WORTHWHILE INVESTMENT. THEY REPORT THAT THEY BELIEVE SUCH PROGRAMS CAN HAVE BENEFITS SUCH AS IMPROVED EMPLOYEE MORALE AND LOYALTY, LESS MISSED WORK AND LESS TARDINESS.

EMPLOYERS ALSO REPORT THAT CHILD CARE PROGRAMS - AS AN ATTRACTIVE BENEFIT - CAN HELP IN RECRUITING AND KEEPING GOOD EMPLOYEES. THE RECRUITMENT AND RETENTION ISSUE WILL BECOME INCREASINGLY IMPORTANT AS WE MOVE INTO A TIME IN WHICH EMPLOYERS ARE COMPETING FOR A SMALLER POOL OF ENTRY LEVEL WORKERS.

THERE ARE SEVERAL OTHER ASPECTS OF CHILD CARE'S ROLE IN OUR SOCIETY WHICH ARE LESS DIRECT IN THEIR IMPACT ON INDIVIDUAL EMPLOYERS, BUT PERHAPS NO LESS SIGNIFICANT IN TERMS OF THE ECONOMY OVERALL.

FIRST, CHILD CARE PROGRAMS OFFER THE OPPORTUNITY TO REDUCE THE

LIKELIHOOD OF PROBLEMS WHICH NOT ONLY CAN PREVENT CHILDREN FROM HAVING GOOD, HEALTHY LIVES - BUT ALSO ARE EXTREMELY COSTLY FOR US TO DEAL WITH AS A SOCIETY. STUDIES HAVE FOUND THAT ECONOMICALLY DISADVANTAGED CHILDREN WHO PARTICIPATE IN QUALITY EARLY CHILDHOOD PROGRAMS ARE LESS LIKELY TO NEED REMEDIAL PROGRAMS ONCE IN SCHOOL, ARE MORE LIKELY TO COMPLETE SCHOOL, HAVE A LOWER INCIDENCE OF DELINQUENCY, AND HAVE A HIGHER EARNING POTENTIAL. CHILD CARE PROGRAMS CAN BE LOOKED AT VERY SIMPLY AS AN INVESTMENT IN THE QUALITY OF THE EMPLOYEES WE'LL RELY UPON ONLY A FEW YEARS FROM NOW.

SECOND, ACCESS TO ADEQUATE, AFFORDABLE CHILD CARE CAN BE A KEY TO EMPLOYMENT FOR SOME INDIVIDUALS. FOR EXAMPLE, THE CENSUS BUREAU FOUND IN 1986 THAT 45 PERCENT OF SINGLE, UNEMPLOYED MOTHERS SAID THAT THEY WOULD WORK IF THEY COULD FIND CHILD CARE AT A REASONABLE COST.

NOT ONLY CAN A LACK OF CHILD CARE BE AN OBSTACLE, FOR SOME FAMILIES, TO MOVING OUT OF POVERTY, BUT A SECOND CONSEQUENCE MAY BE A SHORTAGE OF WORKERS FOR CERTAIN JOBS.

I'M SUBMITTING AS AN ATTACHMENT TO MY TESTIMONY AN EXCERPT FROM AN OCTOBER 1987 OREGON EMPLOYMENT DIVISION REPORT ON "SALEM METROPOLITAN AREA LABOR TRENDS." THE EXCERPT DISCUSSES REASONS THAT EMPLOYERS IN MARION, POLK, YAMHILL AND LINN COUNTIES ARE "SCRAMBLING FOR WORKERS" DESPITE THE FACT THAT MORE THAN 10,000 PEOPLE ARE UNEMPLOYED IN THE AREA. THE DIVISION CONJECTURES THAT THE HIGH COST OF CHILD CARE IS A FACTOR, AND PRESENTS SOME COST AND WAGE DATA THAT SHOW WHY IT MAKES LITTLE SENSE FOR AN INDIVIDUAL TO GO TO WORK AT A MINIMUM WAGE JOB IF HE OR SHE HAS MORE THAN ONE CHILD NEEDING CARE.

A THIRD LINK THAT SHOULD NOT BE FORGOTTEN IS THAT CHILD

CARE ITSELF IS A BUSINESS THAT CONTRIBUTES JOBS AND INCOME TO OUR ECONOMY. THE CHILD CARE COMMISSION REPORTS THAT THE CHILD CARE INDUSTRY EMPLOYS MORE WORKERS THAN ANY SINGLE EMPLOYER OTHER THAN STATE GOVERNMENT AND RANKS FIFTH AMONG OREGON EMPLOYERS IN TOTAL REVENUE.

EMPLOYERS AROUND THE COUNTRY AND IN OREGON HAVE BECOME INCREASINGLY AWARE OF THE ROLE OF CHILD CARE AND THE NUMBER OF EMPLOYERS WITH CHILD CARE RELATED EMPLOYEE PROGRAMS HAS BEEN MULTIPLING RAPIDLY. THERE ARE AT LEAST SEVERAL THOUSAND EMPLOYERS NATIONALLY WITH PROGRAMS THAT SUPPORT WORKING PARENT EMPLOYEES, COMPARED TO JUST OVER 100 IN 1978. THE WALL STREET JOURNAL PREDICTED A FEW YEARS AGO THAT CHILD CARE WOULD BE THE FASTEST-GROWING BENEFIT OF THE 1990'S.

WE DON'T KNOW EXACT NUMBERS IN OREGON, BUT I'M HAPPY TO BE ABLE TO TELL YOU THAT THERE IS A TREMENDOUS AMOUNT OF INTEREST AND ACTIVITY ON THE PART OF EMPLOYERS AND EMPLOYEE GROUPS IN OUR STATE. THE STATE OF OREGON IS WELL-SITUATED TO RESPOND TO THIS INTEREST. IN ADDITION TO THE ESTABLISHMENT OF MY OFFICE AS A SOURCE OF INFORMATION AND ASSISTANCE, THE LEGISLATURE LAST YEAR ENACTED AN EMPLOYER TAX CREDIT FOR EACH OF THREE TYPES OF CHILD CARE ASSISTANCE PROVIDED TO EMPLOYEES: DEVELOPMENT OF A CHILD CARE FACILITY SERVING EMPLOYEES; PROVISION OF INFORMATION AND REFERRAL SERVICES THAT HELP EMPLOYEES LOCATE SUITABLE CHILD CARE; AND DIRECT FINANCIAL ASSISTANCE WITH THE COST OF CHILD CARE.

HOW ARE OREGON EMPLOYERS RESPONDING TO CHILD CARE NEEDS? YOU'LL BE HEARING DIRECTLY FROM SOME OREGON EMPLOYERS WHO HAVE

CHILD CARE PROGRAMS, BUT LET ME RUN QUICKLY THROUGH THE WAYS IN WHICH EMPLOYERS HAVE BECOME INVOLVED IN THIS AREA.

DEVELOPMENT OF A CHILD CARE FACILITY ON OR NEAR THE WORKSITE IS THE OPTION WE USUALLY THINK OF FIRST. THERE ARE EIGHT OR NINE CHILD CARE FACILITIES IN OREGON WITH SOME DEGREE OF EMPLOYER SPONSORSHIP. THERE ARE A NUMBER OF OTHERS UNDER DEVELOPMENT OR UNDER CONSIDERATION.

SPONSORSHIP OR DEVELOPMENT OF A CHILD CARE CENTER IS NOT A FEASIBLE OPTION IN MANY SITUATIONS. THERE MAY BE NO SUITABLE LOCATION, OR THE WORKFORCE MAY BE TOO SMALL, OR - EVEN WITHIN A LARGE WORFORCE - THERE MAY NOT BE A SUFFICIENT LEVEL OF INTEREST AMONG EMPLOYEES.

FAR MORE COMMON, BECAUSE IT'S EASIER AND ADAPTABLE TO A WIDE VARIETY OF CHILD CARE NEEDS, IS FINANCIAL ASSISTANCE. FINANCIAL ASSISTANCE OPTIONS RANGE FROM SALARY REDUCTION PLANS THAT ALLOW EMPLOYEES TO PAY FOR CHILD CARE WITH TAX-FREE SALARY DOLLARS TO FLEXIBLE BENEFIT PLANS TO SUBSIDIES OFFERED OVER AND ABOVE WAGES.

A THIRD OPTION IS PROVIDING INFORMATION, THROUGH PARENTING SEMINARS AT THE WORK PLACE, OR CONTRACTING FOR A SERVICE THAT HELPS PARENTS LOCATE CHILD CARE AND COUNSELS THEM ON HOW TO SELECT THE CARE THAT'S BEST FOR THEM. AT LEAST 25 OR 30 OREGON EMPLOYERS PURCHASE INFORMATION AND REFERRAL SERVICES ON BEHALF OF EMPLOYEES.

FLEXIBLE WORK ARRANGEMENTS - SUCH AS PART-TIME WORK, JOB-SHARING, FAMILY SICK LEAVE, STAGGERED HOURS - ARE NOT CHILD CARE PER SE, BUT CAN MAKE A TREMENDOUS DIFFERENCE IN HELPING PARENTS SUCCESSFULLY BALANCE WORK AND FAMILY OBLIGATIONS -- AND OFTEN AT LITTLE OR NO COST TO THE EMPLOYER.

SOMETIMES EMPLOYERS CHOOSE TO TARGET CHILD CARE NEEDS THAT

ARE CAUSING PARTICULAR PROBLEMS FOR THEIR EMPLOYEES, SUCH AS THE CARE OF ILL CHILDREN OR SCHOOL-AGE CHILD CARE. THE SALEM STATESMAN-JOURNAL LAST YEAR PAID FOR THE COST OF A PARTICULAR INSERVICE DAY CHILD CARE PROGRAM PATRONIZED BY EMPLOYEES. LAST SUMMER TEKTRONIX IDG GROUP BROUGHT IN A LEASED MOBILE HOME TO THE WILSONVILLE CAMPUS AND CONTRACTED FOR A VACATION SCHOOL-AGE CHILD CARE PROGRAM FOR EMPLOYEES' KIDS.

FINALLY, EMPLOYERS ARE BECOMING INVOLVED IN COMMUNITY-WIDE SOLUTIONS TO CHILD CARE PROBLEMS, BY CONTRIBUTING TO EFFORTS TO EXPAND OR DEVELOP CHILD CARE SERVICES NEEDED BY THEIR EMPLOYEES - AS WELL AS BY OTHERS IN THE COMMUNITY. IN ST. HELENS, THE LOCAL BRANCH OF FIRST INTERSTATE BANK SPONSORED A FUNDRAISER FOR THE COMMUNITY'S NEW SCHOOL-AGE/LATCHKEY CHILD CARE PROGRAM. HERE IN PORTLAND, KGW HAS DEVELOPED AND IS DISTRIBUTING FREE OF CHARGE A PAMPHLET WITH TIPS FOR PARENTS ON SHOPPING FOR CHILD CARE.

THERE'S A PARTICULARLY EXEMPLARY COLLABORATIVE PROJECT UNDERWAY IN THE CORVALLIS AREA. A GROUP OF PUBLIC AND PRIVATE EMPLOYERS LED BY HEWLETT-PACKARD AND KNOWN AS THE "EMPLOYER-SUPPORTED CHILD CARE TASK FORCE OF LINN AND BENTON COUNTIES" HAS BEEN WORKING TOGETHER FOR MORE THAN TWO AND HALF YEARS. THEY BEGAN BY SURVEYING EMPLOYEES THROUGHOUT THE TWO-COUNTY AREA. DETERMINING ON THE BASIS OF THE SURVEY RESULTS THAT THE TWO MOST CRITICAL CHILD CARE NEEDS IN THE AREA ARE INFORMATION AND REFERRAL AND CARE OF ILL CHILDREN, THEY SET ABOUT WORKING WITH COMMUNITY AGENCIES TO PUT TOGETHER PROGRAMS MEETING THOSE NEEDS. AN INFORMATION AND REFERRAL SERVICE FUNDED BY LINN-BENTON COMMUNITY COLLEGE, A STATE MATCHING GRANT, AND EMPLOYER CONTRIBUTIONS WILL BEGIN OPERATING IN APRIL. A FACILITY SERVING

CHILDREN TOO SICK FOR REGULAR DAY CARE IS STILL IN THE PLANNING STAGES. WHAT'S PARTICULARLY EXCITING ABOUT THE LINN-BENTON EFFORT IS THAT THE GROUP HAS CONSCIOULY PLANNED BOTH PROJECTS SO THAT THEIR SERVICES WILL BE AVAILABLE TO ANYONE IN THE COMMUNITY, REGARDLESS OF EMPLOYMENT OR INCOME STATUS.

TURNING TO SMALL BUSINESS, IN PARTICULAR, ONE OF MY GOALS IS TO TARGET SMALL AND MEDIUM-SIZED EMPLOYERS IN MY INFORMATION AND OUTREACH EFFORTS, AND I HOPE TO WORK CLOSELY WITH ORGANIZATIONS REPRESENTING SMALL BUSINESS.

NATIONALLY, WE KNOW THAT THE MAJORITY OF EMPLOYERS WHO HAVE ADOPTED CHILD CARE-RELATED PROGRAMS ARE LARGE -- WITH 500 OR MORE EMPLOYEES. I DON'T BELIEVE THIS HAS TO CONTINUE TO BE THE CASE. SPONSORSHIP OF SUCH PROGRAMS AS CHILD CARE CENTERS OBVIOUSLY IS MORE FEASIBLE FOR LARGER EMPLOYERS; IT ALSO MAKES MORE SENSE, FOR EXAMPLE, FOR EMPLOYERS OF LARGE WORKFORCES TO OFFER A CAFETERIA "MENU" OF BENEFITS THAN FOR SMALLER COMPANIES.

HOWEVER, A VARIETY OF OPTIONS ARE AVAILABLE TO SMALLER BUSINESSES:

-- A DEPENDENT CARE ASSISTANCE PLAN - THE SALARY REDUCTION PLAN I REFERRED TO EARLIER - CAN BE IMPLEMENTED FOR JUST A FEW EMPLOYEES, AND CAN ACTUALLY SAVE PAYROLL EXPENSES FOR THE EMPLOYER.

-- FLEXIBLE WORK ARRANGEMENTS ARE WORKABLE IN A VARIETY OF SETTINGS.

- EVEN A SMALL CHILD CARE SUBSIDY CAN BE HELPFUL TO EMPLOYEES AND AN ATTRACTIVE BENEFIT, AND I AM HOPEFUL THAT THE STATE'S TAX CREDITS WILL MAKE THIS TYPE OF ASSISTANCE PROGRAM - AS WELL AS INFORMATION AND REFERRAL SERVICES - AFFORDABLE FOR A LARGER NUMBER

OF SMALL BUSINESSES.

-- FINALLY, THERE IS THE POTENTIAL FOR COLLABORATION WITH OTHER EMPLOYERS - EITHER ON COMMUNITY-WIDE PROJECTS SUCH AS THE LINN-BENTON EFFORT, OR THROUGH GROUP SPONSORSHIP OF CERTAIN SERVICES SUCH AS A CHILD CARE FACILITY. THERE ARE A NUMBER OF CHILD CARE CENTERS IN OTHER PARTS OF THE COUNTRY SPONSORED BY CONSORTIA OF EMPLOYERS, AND I THINK WE'RE GOING TO SEE MORE OF THESE ARRANGEMENTS IN SUCH LOCATIONS AS BUSINESS AND RESEARCH PARKS.

WE'RE EXCITED IN OREGON ABOUT ALL THAT IS HAPPENING INCHILD CARE AT THE STATE LEVEL, IN COMMUNITIES, AND AMONG EMPLOYERS - AND ABOUT WHAT WE CAN YET ACCOMPLISH. I HOPE THIS INFORMATION IS USEFUL TO YOU AS YOU CONSIDER THE FEDERAL ROLE IN ADDRESSING THE IMPACT OF CHILD CARE ON BUSINESS.

SALEM MSA
3

Salem Metropolitan Area
LABOR TRENDS
State of OR: Emp. Div./DHR
October 1987

ONE MORE REASON TO BE JOBLESS?

Our healthy local economy has employers scrambling for workers. Despite an excess of 10,000 people unemployed, a wide-spread shortage of qualified workers is reported throughout the mid-valley counties of Marion, Polk, Benton, and Linn.

Three reasons were given last month which helped explain why some of the unemployed were still jobless.

1. Physical requirements of many jobs preclude some workers from applying for those jobs.

2. Some unemployed workers do not have the skills required for the job, and

3. The law does not require unemployed workers to immediately accept a job significantly below previous skill or pay levels.

And yet another reason can be added as to why some people remain out of work:

4. Work related expenses, including child care, are too high for many parents to accept lower paying jobs.

A list of available jobs in the Salem area on September 24, 1987 showed that over half paid between $3.35 and $4.00 per hour. It's not necessarily that $4.00 is not fair renumeration for the duties, but that, after work related expenses and taxes, the real dollar gain to the family may be much less. And this is even more true if child-care expenses are involved.

Accompanying tables show how fast wages are eaten up by expenses. Even with these conservative estimates, it is shown that expenses involving care for even one or two children can demand a large part of the parent's wages.

It becomes understandable why many parents, when faced by these economic realities, choose to forego employment. Some will continue to look for higher paying jobs; others will choose to drop out of the labor market for the time being. Either decision is based on the family's perception of adequate economic return, not simply whether the parent wants to work or not. Those who continue to look for the better paying job are included among the over 10,000 unemployed in the mid-Willamette Valley.

ADJUSTED TAKE-HOME MINIMUM WAGE
(for workers with children needing day-care)

	Number of Children		
	ONE	TWO	THREE
Income for 8 Hours			
Earnings (at $3.35/hr)	$26.80	$26.80	$26.80
Childcare Expenses (5.5 hrs. at $1.00/hr.)	$5.50	$11.00	$16.50
Other Typical Expenses			
Transportation	$2.00	$2.00	$2.00
Clothing/Grooming	$1.00	$1.00	$1.00
Taxes (10%)	$2.68	$2.68	$2.68
BALANCE	$11.62	$2.12	($7.38)
ADJUSTED PER HOUR (8 hours)	$1.45	$0.27	($0.92)

ADJUSTED TAKE-HOME WAGES

Number of Children	HOURLY WAGES					
	$3.35	$4.00	$4.50	$5.00	$5.50	$6.00
1	$1.45	$2.04	$2.49	$2.94	$3.39	$3.84
2	$0.27	$0.85	$1.30	$1.75	$2.20	$2.65
3	($0.92)	($0.34)	$0.11	$0.56	$1.01	$1.46

Department of Human Resources
OFFICE OF THE DIRECTOR
318 PUBLIC SERVICE BUILDING, SALEM, OREGON 97310 PHONE 378-3033

SELECTED OREGON EMPLOYERS WITH PROGRAMS

ASSISTING WORKING PARENT EMPLOYEES

Benedictine Care Center, Mt. Angel
Operates an onsite child care center serving employees and the general public. Subsidizes 50 percent of the cost of care for employees using the center.

Good Samaritan Hospital, Portland
Has a flexible benefit plan with a dependent care option; contracts for information and referral services.

Hanna Andersson, Portland
Pays 50 percent of employees' child care costs; allows employees to arrange flexible working hours to accommodate family needs.

Hewlett-Packard, Corvallis
Sponsors "work and family" seminars at the workplace; is a founding member of the Employer-Supported Child Care Task Force of Linn and Benton Counties, a group of public and private employers developing community-wide solutions to the child care problems of area employees.

Holladay Park Medical Center, Portland
Operates an onsite child care center open 18 hours a day, seven days a week; subsidizes a portion of the cost of care for employees.

Klamath County YMCA, Klamath Falls
Allows employees to use YMCA child care programs at no cost while at work.

Mid-Columbia Medical Center, The Dalles
Operates an onsite child care center serving hospital employees and other area health community employees.

Pendleton Woolen Mills, Portland
Contracts for information and referral services; allows employees to arrange flexible working hours to accommodate family needs.

Powell's Books, Portland
Pays up to $200 per month of child care costs of employees working more than 28 hours per week.

Salem Hospital, Salem
Contracts for information and referral services; has family sick leave and job-sharing policies.

Siuslaw Care Center, Florence
Operates a 24-hour-a-day onsite child care center serving employees and the public; subsidizes a greater portion of the center fee the longer an employee remains with the company.

Smith Management, Inc., Grants Pass
(Smith Management manages Greater Oregon Health and Southern Oregon Hospital)
Operates an onsite child care center serving employees; subsidizes a portion of the cost of care.

St. Anthony's Hospital, Pendleton
Operates an onsite child care center serving employees and the general public; subsidizes a portion of the cost of care for employees using the center.

Statesman-Journal Newspaper, Salem
Contracts for information and referral services; provides educational fliers on parenting issues; has sponsored school-age child care on teacher inservice days; has family sick leave and job-sharing policies.

Tektronix, Inc. IDG Group, Wilsonville
In the summer of 1987 sponsored a summer school-age child care program for employees' children in a leased mobile home on the campus, and offered a fee subsidy for lower-income employees.

U.S. Bancorp, Portland
Offers a flexible benefit plan with a dependent care option; contracts for information and referral services; allows employees to use sick leave to care for ill dependents and to take them to doctor and dentist appointments.

FOR ADDITIONAL INFORMATION on employer-supported child care program options, needs assessment and tax considerations, contact

Mary Louise McClintock
Child Care Coordinator
Department of Human Resources
318 Public Service Building
Salem, Oregon 97310
(503) 378-3154

2/88
3838A

MIKE KOPETSKI
MARION AND POLK COUNTIES
DISTRICT 33

REPLY TO ADDRESS INDICATED
House of Representatives
Salem, Oregon 97310-1347
☐ 458 Dorcas Drive North
Salem, Oregon 97303

COMMITTEES
Member
Joint Ways and Means

HOUSE OF REPRESENTATIVES
SALEM, OREGON
97310-1347

March 5, 1988

TESTIMONY BEFORE THE SUBCOMMITTEE ON

REGULATION AND BUSINESS OPPORTUNITY

UNITED STATES CONGRESS

Mr. Chair and members of the committee:

Good Morning. For the record I am Mike Kopetski, State Representative , House District 33. I reside at 458 Dorcas Dr., N. in Keizer, Oregon. I am here representing the Oregon Commission on Child Care. I am a member of the Commission.

I should also point out that I was the chief sponsor of the legislation which created the Oregon Commission on Child Care in the 1985 Session. As a result of the Commission's activities we were able to focus policy makers in Oregon on the problems of child care particularly for working parents. We had an incredibly successful session in 1987 with the crowning jewel of course being passage of the parental leave law.

Certainly, I do not have to recapitulate various statistics to you concerning the crises in child care in this country. Let me just say, however, that this country has spent billions and billions of dollars in the 1950's, 1960's, 1970's and 1980's on mass transit systems and a highway system. Much of this was done in the name of national defense. But we undertook this massive project to conduct commerce, to get people to and from work.

Today the greatest obstacle workers face in getting to work are problems surrounding child care for their own children. It is a male and female worker problem, it is not limited to the mom. Both parents have to work out providing care for their children. And this is my first point. The $2.5 billion price tag on the Act for Better Child Care Services is but a pittance compared to what we spend to get people to work.

Many employers believe erroneously that since most of their employees are male that "talk of child care" does not affect them or their workers. Wrong. At home, both parents struggle to find affordable, convenient child care. When the child is ill, one or the other has to take time off to be with the child. And both parents worry about their child's safety.

When we gathered our statistics for the parental leave bill, we found that with a thresh hold of 25 employees, the bill would affect about 9% of Oregon's employers but would include approximately 65% of our work force. Those 91% of our employers and 45% of the work force have unique problems. They can not have on-site care facilities. Nor do many have the financial ability to subsidize their employees child care.

The Commission believes the ABC legislation will help all employers because it is designed to increase the amount of child care providers whether through low interest loan programs, a programs to recruit new providers and even grant programs. In addition, the Act would provide for monies for Information and Referral programs.

The State of Oregon appropriated $100,000 for pilot programs for local communities to help them start information and referral programs. (It helps to be on Ways and Means.) This money goes a long way. But still I and R programs are spotty at best. Child care needs change constantly for parents. People move, providers go out of business, work schedules change, Christmas and Spring break present problems as does summer vacation. Where do you go--and sometimes quickly-- to find affordable, available, safe child care? This is why I and R programs are so important.

Let me briefly mention "welfare reform". The ABC bill provides a for a sliding scale subsidy to the low income working poor up to 115% of the poverty level. Without a strong commitment to child care subsidy--if not an outright grant--we will never truly get most of the people off of public assistance. We have to pay for child care costs during training and retraining programs or those on assistance can't participate. We have to make it cost-effective for an individual to take a minimum wage job. Why take the job if most of the paycheck goes to pay the child care bill?

As Michelle Tenneson pointed out: the reality is that individual child care providers pay the child care costs of many individuals. They do this because those parents don't pay their bill. And so the provider loses the income. Many go out of business for this reason. Society needs are providers yet society fails to address the concerns of this particular small business entity.

Finally, I want to address quality care. The ABC bill establishes minimum standards for care providers including health

and safety and staff ratio requirements. It also requires staff training. Child care providers want this training. Chemeketa Community College offered a seminar for home care providers last year and had to turn away applicants. The desire is there, the programs are not.

I should point out that state registration programs such as Oregon's are deceiving the public. Parents operate under the assumption that a "registered" provider is somehow inspected or monitored or passed some sort of quality assurance program. Not true. An application is filled out, a fee paid and one is "registered". This is true in other states as well. Thus the standards requirements, the staff training are critical parts of the ABC act.

I sorry I have taken so much of your time. I am confident that others will tell you of other key aspects of this vital piece of legislation. Without question the ABC bill is the most important piece of social legislation in this country since the 1964 Civil Rights Act. If we care about the workers and leaders of tomorrow we must take care of today's children.

Thank you.

TESTIMONY OF HAL ELLIOTT
ADMINISTRATOR OF SIUSLAW CARE CENTER
TO RON WYDEN, U.S. CONGRESS

THE "WEE CARE" CHILD DEVELOPMENT CENTER IS LOCATED ON-SITE AT THE SIUSLAW CARE CENTER IN FLORENCE, OREGON. WEE CARE CAME INTO BEING AS A RESULT OF A REMODELING PROJECT IN ONE WING OF THE CARE CENTER, DUE TO THE DECERTIFICATION OF AN MR/DD TRAINING CENTER. HAVING BEEN AN ADMINISTRATOR IN LONG TERM CARE FOR TEN YEARS, I SAW THE SITUATION AS AN OPPORTUNITY TO PROPOSE TO THE OWNING CORPORATION THE DEVELOPMENT OF AN ON-SITE CHILD CARE SERVICE WITH SOME INTERGENERATIONAL PROGRAMS BETWEEN THE CHILDREN AND THE ELDERLY RESIDENTS. THE PROPOSAL WAS WELL ACCEPTED.

WE PURCHASED EQUIPMENT, CONSTRUCTED A PLAYGROUND AREA OUTSIDE AND HIRED STAFF. OUR OPEN HOUSE WAS HELD ON SEPTEMBER 20, 1987. WE BEGAN ACCEPTING CHILDREN ON THE 21ST OF SEPTEMBER. OUR REMODELING PROJECT WAS FINISHED WITHIN 90 DAYS.

OUR REASONS FOR DEVELOPING THE CHILD CARE PROGRAM WERE PRIMARILY TO MEET THE NEEDS FOR EMPLOYEES WHO HAVE CHILDREN BETWEEN THE AGES OF SIX WEEKS TO TEN YEARS. OBVIOUSLY, A LONG TERM CARE FACILITY (OR NURSING HOME) IS OPEN 24-HOURS A DAY, SEVEN DAYS A WEEK. OUR INDUSTRY HAS A VERY HIGH TURNOVER RATE OF EMPLOYEES FOR SEVERAL REASONS. ONE OF THOSE BEING THE NEED FOR QUALITY, AFFORDABLE CHILD CARE THAT IS AVAILABLE ANY TIME DAY OR NIGHT. HEREFORE, "WEE CARE" IS OPEN 24-HOURS A DAY, SEVEN DAYS A WEEK. THE PROGRAM IS OPEN TO THE PUBLIC, BUT THE EMPLOYEES RECEIVE THE FIRST BID AND A BREAK ON THE COST. THE RATES DECLINE AS THE EMPLOYEE REACHES 3 MONTHS OF EMPLOYMENT AND AGAIN AT ONE YEAR,

TWO YEARS, AND THREE YEARS.

OUR FACILITY CAN HANDLE UP TO 34 CHILDREN AT ONE TIME.
THE OTHER REASON FOR DEVELOPING THE CHILD CARE PROGRAM WAS MY PERSONAL "DREAM" OF AN INTERGENERATIONAL PROGRAM WITH THE RESIDENTS OF THE CARE CENTER WHO SELDOM EVEN SEE CHILDREN OTHERWISE. THAT DREAM HAS BECOME A REALITY.

THE IMPACT ON OUR BUSINESS HAS SEVERAL 'PLUS'. HAVING AFFORDABLE CONVENIENT CHILD CARE ON-SITE GIVES OUR EMPLOYEES THE SECURITY OF KNOWING THEIR CHILDREN ARE BEING CARED FOR IN A WELL PLANNED PRESCHOOL ATMOSPHERE. THEY NEED NOT WORRY ABOUT FINDING A "BABYSITTER", ESPECIALLY IF THEY ARE CALLED IN TO WORK ON THEIR DAY OFF OR ON A DIFFERENT SHIFT. THEY CAN VISIT THE CHILD DURING THEIR BREAKS -- EVEN A NURSING CHILD.
ALSO, SINCE THE CHILD CARE PROGRAM HAS BECOME A REALITY, OUR RECRUITING EFFORTS HAVE BEEN MORE SUCCESSFUL AND THE TURNOVER RATE WILL SHOW A DRAMATIC DECREASE THIS YEAR.
THIS, OF COURSE, MEANS THAT OUR COSTS DECREASE IN TERMS OF HIRING, TRAINING, OVERTIME AND STAFF STABILITY. STAFF STABILITY IN OUR BUSINESS IS CRUCIAL AND DIRECTLY RELATED TO PATIENT CARE.

ANOTHER IMPORTANT FACTOR IS THAT THE ON-SITE CHILD CARE HAS ALLOWED US THE OPPORTUNITY TO DEVELOP AN INTERGENERATIONAL PROGRAM THAT BRINGS CHILDREN AND THE ELDERLY TOGETHER SEVERAL TIMES A WEEK TO DO CRAFTS, ART, MUSIC, AND OTHER EDUCATIONAL EX-

PERIENCES. I WATCHED CLOSELY ONE DAY DURING A CRAFTS CLASS. IT WAS HEART-WARMING TO WATCH A CHILD HELPING AN ELDERLY RESIDENT TWIST THE PIPE CLEANERS AND THREAD THE BEADS -- BECAUSE THE LADY HAD A SEVERE ARTHRITIC CONDITION IN HER HANDS. ON THE OPPOSITE SIDE OF THE TABLE WAS AN ELDERLY MAN HELPING A CHILD IN THE SAME PROJECT. ONE MALE RESIDENT RESPONDED WHEN THE DIRECTOR OF WEE CARE CARRIED A LITTLE BABY BOY INTO HIS ROOM BY SAYING "I'M IN THIS HOSPITAL WITH TERMINAL CANCER AND THIS LITTLE CHILD IS A BREATH OF LIFE". THIS VALUE TO OUR BUSINESS CANNOT BE MEASURED IN DOLLARS, BUT ADDS DRAMATICALLY TO THE QUALITY OF LIFE OF THE RESIDENTS OF THE FACILITY.

MY HOPE IS THAT OTHER LONG TERM CARE OWNERS AND OPERATORS WILL CATCH THE VISION AND HELP TO CHANGE THE IMAGE OF THE NURSING HOME FROM A PLACE TO DIE - TO A PLACE TO LIVE.

FINALLY, THE FACT THAT CHILD CARE IS AVAILABLE 24-HOURS A DAY AND SEVEN DAYS A WEEK TO THE PUBLIC, OTHER EMPLOYERS CAN USE THE SERVICE FOR THEIR EMPLOYEES AT THE HOSPITAL, THE RESTURANTS, THE LOGGING MILLS, ETC. THEREFORE, WE ARE ABLE TO GIVE THIS SUPPORT SYSTEM TO OTHER BUSINESSES IN OUR COMMUNITY.

I WOULD HOPE THAT NEW FEDERAL LEGISLATION WILL BE DEVELOPED THAT WOULD OFFER A TAX CREDIT FOR EMPLOYERS WHO PROVIDE CHILD CARE FOR THEIR EMPLOYEES - TO FOLLOW WHAT THE STATE OF OREGON HAS DONE.

ALSO, AND PERHAPS MORE IMPORTANT, IS A BETTER STRUCTURED PLAN THAT WOULD GIVE TAX CREDIT TO EMPLOYEES WHO ARE ON THE LOW END OF THE EARNINGS SCALE. BECAUSE, UNFORTUNATELY, THE TAKES IN THE LARGE PORTION OF THE PEOPLE IN OUR BUSINESS -- THE NURSING HOME.....

STATEMENT BY BPW/USA
THE NATIONAL FEDERATION OF
BUSINESS AND PROFESSIONAL WOMEN's CLUBS

By: Polly Madenwald, Past National President

My name is Polly Madenwald. I am a past president of the National Federation of Business and Professional Women's Clubs, Inc. and past president of the Business and Professional Women's Foundation. I have been given the opportunity today, to address our position in regard to child care. We have been calling it Dependent Care, because we also find the need for the elderly to be cared for.

BPW/USA is the oldest and largest advocacy organization in America for working women. We have worked since 1919 to ensure that the working women of American have a strong public policy voice at the local, state and national level. Additionally, BPW has worked to ensure access and opportunity for women in the workplace and to help women strive for economic self-sufficiency, equity in pay and access to capital. Through the work of our Foundation, we provide scholarships, research grants and business loans to women so that educational opportunities translate into economic opportunities. in that effort, we have learned that through attaining a degree, a women can triple her income for the benefit of herself and her family. While promoting women's role in the workforce, BPW had worked to help business to adapt to the changing roles of women and the resulting social and economic needs.

BPW is 125,000 working women from across America and a number of men as well. Our members are business people and professionals, and range from coporate vice-presidents to entrepreneurs who are the business. The Department of Labor has recognized in its study Workforce 2000 that by the year 2000, 61 percent of all women of working age are expected to have jobs. The study calls for our economy to reconcile the demands of women, work and families when it states:

> What is needed is a thoroughgoing reform of the institutions and policies that govern the workplace, to insure that women can participate fully in the economy, and that men and women have the time and resources needed to invest in their children... the need for high-quality day care has not yet been fully addressed. Government and private mechanisms to provide for the care of the children of working parents need further development. 1

As mothers of children, our members have learned the lessons of balancing their family responsibilities with their responsibilities to their professions. One of those lessons learned is that there has been little federal leadership or commitment thus far in the area of child care.

1. U.S. Department of Labor. Workforce 2000 Work and Workers for the 21st Century

At our national convention each July, BPW members decide the issues ot focus on in the year ahead. This year's "focus issues" include the recognition that women in America today must work to fill many roles -- spouse, mother, daughter, employee. Women's expected role in American society and economic realities they face daily have given them a unique perspective on the issue of child care.

America;s families are faced with a rremendous challege. Most women are no longer able to limit their careers to homemaking. Most American familities no longer consist of a mother who stays home to care for the children while her spouse is at work. As of March 1987, the typical family consisting of a two parent and two children accounted for only 3.7 percent of the entire population.2 Additionally, the number of female-headed families (90% of all single-parent families) has increased by 91% between 1970 and 1980 and another 10% from 1980-1985. 3

As reported in the Department of Labor study, Workforce 2000, the trend of increased workforce participaticn by women is here to stay. Women accounted for 44% of rhe civilian labor force in 1985. As of March 1987, 52% of women with children age one or younger were employed, an increase of 32% from 1977. By 1995, 2/3 of all pre-school children will have mothers in the work force and 4 out of 5 school-age children will have working mothers.4

While record numbers of women enter the workforce, the facilities to care for their children lag far behind the need. According to a recent study by the Department of Labor, approximately 11% of all but the smallest employers (under 10 employees) provide some kind of child care service ot benefit for workers. The study found that of the polled employers, only2% sponsored day care centers for their workers children. Another 3% offered financial help to be used for child care.

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2. U.S. Bureau of Labor Statistics, News (USDL '87-345), August 12, 1987.
3. CCSSO Resource Center on Educational Equity, Changing Family Structure, Concerns XXII, September 1987, p.2.
4. Child Care: The Time is Now, Washington, D. C. : Children's Defense Fund, 1987.

When you look at the actual numbers of business offering some form of child care assistance, it becomes obvious that the gap between needed services and those that currently exist cannot be filled by business alone. An October 1987 article from Savvy magazine reported that about 3,000 employers currently offer some form of child care assistance to their employees in the form of on-site cay care, information and referral service or financial assistance programs. However, it also reported that there are 6 million major employers in America, 44,000 of which have 100 employees or more.

In Oregon 43.14% of working mothers havechildren under 6 years, and 64.54 % have children between 6 and 17 years. In Oregon the total number of child care centers in 1986 was 527, with a licensed capacity of 26,350 (estimated). Family day care homes were approximately 3000.

Oregon is one of only ten states which do not require all family day care to be regulated. Family day care with fewer than 6 children is only regulated voluntarily. Regulation is required for family day care homes participating in the USDA food program and for some subsidy programs. Oregon requires no on-going training for with eachers in child care centers or for family day care providers. The total number of childred in Oregon under 6 years is 234,891, and number of children under 6 years living below poverty level is 34,908.

Business trends indicate an increase in employer provided child care benefits. It is becoming obvious that many businesses recognize that providing child care assistance is good business. In markets where the labor pool is at a premium, sich as Washington, D.C. employers have looked for innovative ways to attract employees. One such innovation has been to include child care assistance in employee benefit packages. Such benefits may consist of on-site cay care facilities, voucher systems, providing information on available child care options and flexible benefits and hours.

in 1985, Cheryl Smith, a BPW member and business owner, saw the need within her own company in Olathe, Kansas to provide day care for her employees. After recognizing that her employees were being adversely affected by problems with finding good day care, Ms. Smith formed Corporate Kids. Corporate Kids works with corporations, labor

unions, and employers to create on-site or near-site day care centers. Working with both medium to small companies, Corporate Kids provides needs assessments, designs program, and will even provide management for the center. Although Ms. Smith has found the company with 250 employees the ideal size to work with, she has created a day care plan for a real estate firm with only 36 employees.

Ms. Smith sees business' bottom line adversely affected by stress, absenteeism and tardiness of employees caused by lack of day care services. In Ms. Smith's own state, Kansas, the legislature has recognized the importance of addressing the child care needs of welfare mothers. A new workfare program, KanWork, will be introduced and include financial support for day care. Ms. Smith sees such initiatives as very positive. "If government agencies take a leading position (in the area of day care) then private industries will follow".

We know that many of America's parents are hard pressed to not only find available day care, but to pay for it. Out-of-home costs for one child can range from $1,500 to $10,000 a year, with the annual average cost being $3,000. Middle income families spend from 9 to 11 percent of their annual incomes on child care. Child care can cost low-income families as much as 20 to 26 percent of their incomes. A single female parent earning the average annual wage ($6,400) is most likely to find it impossible to provide her children with day care. The average cost of $3,000 a year would represent 47% of her family's income. According to the Bureau of Labor Statistics 1/2 of all working women earn under $10,000 and a full 80% earn under $20,000. Given these statistics, it becomes evident that the ability to provide child care while trying to survive economically is, at best, difficult.

Many BPW members have been active in their communities working to fill in gaps created by the lack of affordable, quality child care. The Farmington and Flat River, Missouri BPWs joined forces in 1985 to start a day care center at the Mineral Area College providing day care for children of students and faculty. The program allows the women to train for job skills while their children are cared for by child care professional at reasonable costs.

BPW is proud of the efforts or our members. As an organization devoted to advancing women's economic rights, as business women who

every day face the need for child care, and as women, we would support legislation that would be disigned to improve the accessibility, and affordiability, and quality of child care so desperately needed by millions of America's working parents. We need legislation that will help our children grown and thrive. In a time of increasing budget deficits, implementing this legislation requires leadership and commitment. Without national leadership that recognized the need for such legislation, the future of the American family and productiviTy in the American workplace will suffer.

fruit and flower ● child care center
2378 n.w. irving, portland, oregon 97210
228-8349

March 2, 1988

Mr. Ron Wyden, Subcommittee Chair
Regulation and Business Opportunities
500 NE Multnomah, Suite 250
Portland, OR 97232

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A United Way Agency

Dear Congressman Wyden:

I am the Executive Director of Fruit & Flower Child Care Center, a non-profit agency which serves 125 children between the ages of six weeks to six years.

I would like to briefly describe the dilemma faced by businesses providing child care and then to address the aspects of legislation which will help in solving some of the key problems.

THE MOST IMPORTANT ISSUE IS QUALITY OF CARE. Longitudinal studies clearly demonstrate that good care is good for children and bad care is bad for children. These studies even document the cost-effectiveness of quality care - a benefit to the children, parents, and the community.

The main factor in quality care is staff. There must be sufficient staff (ratios) and they must be trained, skilled and supported. They need a good background in early childhood education as well as real love of children.

FINDING AND KEEPING QUALIFIED STAFF IS THE BIGGEST PROBLEM. The reason for this is the low salary level in the field. Salaries run close to minimum wage. Child care is dependent upon parent fees to meet costs; and, since salaries are the major cost, salaries are kept low to keep fees competetive.

Lead teachers need bachelor's degrees in early childhood education plus experience. Their salaries run near minimum wage. You can see why it is difficult to attract and hold qualified staff!

THE DILEMMA.
Parents with young children are in their low-earning and high spending years, so affordability is very important. Low and low-middle income families cannot afford to pay the cost of quality care. The community cannot afford to pay the cost of inadequate care. How can a business provide quality when nobody wants to pay the cost?

Accredited by the National Academy of Early Childhood Programs

Now I would like to highlight some of the aspects that I feel are essential to legislation:

- Rate of payment to provider must be sufficient to cover reasonable costs. Infant rate must reflect increased staff ratios needed.
- Method of provider payment should be simple and not increase provider's overhead expenses unduly.
- Standards of care assuring some level of quality are essential. These standards must be monitored.
- Low and low-middle income families need financial support so they can obtain quality care.
- Child care providers need appropriate and affordable training resources.

I appreciate this opportunity to present testimony to your committee. I am attaching related information from Oregon and from National data. I would be most happy to respond to specific questions.

Sincerely,

Joan D. Antonsen

Joan D. Antonsen
Executive Director

Enclosures

Child Care Fact Sheet

Affordability, Quality, and Wages: The Link

While costs vary according to the age of the child, most working families can expect to spend 10% of their income on child care.

Kind of care	Age of child	Yearly cost range
family day care	0–2	$1500–3250+
	3–5	1500–3000
center care	0–2	1750–3800+
	3–5	1750–3800
	6–13	900–1500

In 1984, the median annual income of female heads of household in the labor force with children under 18 years old was $13,213. Ten percent of $13,213 would not cover the cost of the least expensive preschool care.

In 1984, there were an estimated 2 to 3 million child care providers in the U.S. The majority earned minimum wage or [illegible].

Center workers earn an average of $9200 per year, with the middle 50% of workers making between $6800 and $12,500. Family day care workers average about $1.00 per hour per child. The National Day Care Home Study (1981) estimated that 87% of family day care workers earn less than minimum wage. In 1984, 96% of all child care providers were women.

In 1980, the turnover rate of child care providers in centers was 41.7%; for family day care providers the rate was even higher.

Low pay, lack of benefits, and stressful working conditions are the major reasons child care providers leave their jobs in such high numbers. The rate for other occupations averages around 20%.

Only half (50.5%) of women entitled to child support received full payment in 1983. The other half received partial payment (25%) or no payment at all (24%).

The Child Support Enforcement Amendment of 1984 mandates the collection of support payments from non-custodial parents. Full payment of entitled child support had been paid in 1983, [illegible],000 fewer families would have lived in poverty, and many more would have been able to afford child care for their children.

Training of providers is essential to high quality child care.

Forty-two states do not require any special training in child care for staff, and only 24 states require any child development training for directors of centers. Federal and state governments support the Child Development Associate (CDA) credential, a competency-based program to train center workers and family day care and infant care providers. Lack of funds for in-service training and low wages act as barriers to increasing the number of well-trained child care professionals.

The ratio of child care providers to children and the size of the group of children are important factors in the quality of care.

Care providers can spend more time with each child if the provider/child ratio is small. Optimal ratios are:

Age of child	Ratio of providers to children
infants	1:3
1–2 years	1:4 or 5
3–5 years	1:7–9
6–13 years	1:25

Children under 3 years old should be in groups of 12 or less and 3–5 year olds in groups of 20 or less with the appropriate number of providers.

In 1984, of the 1 million child abuse cases reported to the American Humane Society, less than 1.5% were sexual abuse cases involving child care providers or babysitters.

Despite the recent publicity concerning sexual abuse in a small number of centers, the majority of child abuse occurs in the home by a parent, relative, or family friend. Child care programs have played an important role in the detection and treatment of abused children and their parents.

Cites: Conference Board
Bureau of Labor Statistics
Children's Foundation
Department of Health and Human Services

National Commission on Working Women 2000 P St. N.W., Suite 508, Washington, DC 20036 202-872-1782

IT'S A *FACT*

Oregon's children, parents and communities need **QUALITY** child care.

QUALITY child care requires adequate funding.

QUALITY child care occurs when

- teachers and caregivers receive wages and benefits that reflect professional status
- low employee turnover exists in order to build trusting relationships among parents, teachers, children and programs.

IT'S ALSO A *FACT*—

Oregon's child care workers* are **UNDERPAID.** (66% earn below poverty level wages.)

Oregon's child care workers have **FEW JOB BENEFITS.** (Only 11% have health coverage. Even fewer have retirement benefits or personal leave time.)

Oregon's child care programs experience a **HIGH RATE** of EMPLOYEE TURNOVER. (Up to 57% leave within one year.)

*teachers and caregivers in preschools and child care centers

MORE *FACTS*—

- Wages for child care teachers begin at $3.35 per hour and rarely include benefits.
- Wages for public school teachers begin at $7.80 per hour and include additional health benefits, sick leave and paid holidays.
- Wages for zoo animal caregivers begin at $9.00 per hour and include additional health benefits, sick leave and paid holidays.

Statistics from: *Oregon Child Care Wage, Benefits, and Tenure Study,* May, 1985. This survey was a project of Oregon Association for The Education of Young Children.

Copies of complete study available from:
O.A.E.Y.C.
P.O. Box 1455
Tualatin, Oregon 97062

PORTLAND FIELD HEARING ON CHILD CARE AND SMALL BUSINESS

Saturday, March 5, 1988 Portland City Council Chambers

Good Morning! I am Judy Giblin, coordinator/counselor of the Women In Transition Program at MHCC. We are funded by a consortium of efforts with MHCC being the major contributor. Supplemental funds come from the Private Industry Council, a Carl D. Perkins Vocational Education Grant and a small community block grant. The purpose of our program is to assist in eliminating barriers to self-sufficiency. That is, to help women become financially independent. We do this with a three (3) week Life Skill Seminar and eight (8) week support group/job club activities. Each year we serve approximately 130 women. 75% have young children and 45% are on public assistance. While we boast a success rate of 55% attaining full or part time employment and 50% attending school or training, we are in frequent contact with past participants and they often need to access support service funds even when they get jobs.

Since the beginning of our program, we have noted that the greatest and most persistant challenge faced by working single parents is that of arranging adequate childcare. As the State of Oregon no longer provides screening services of any kind, reliable, high quality and affordable day care is difficult to find. A recent study noted that inadequate childcare arrangements and frequent break-downs in those arrangements place children at risk, create enormous stresses on parents and seriously interfere with productivity at work.

Mildred C. could testify to that fact, after months of looking. This 36 year old mother of four (4) (one of which is handicapped and requires special care) landed a job as an in-home health care aid. The nature of the job required that she be available for various shifts and report for work anywhere with in the Portland Metro area. Not an easy task when you have four kids with varying needs and schedules and have to rely on public transportation. Even with a childcare subsidy from WIT, a 5.25 hr wage left Mildred with no hope of obtaining a car. She found herself having to turn down jobs on Sundays due to no bus service to outlying areas. Because of the varying needs of her children and her difficult work schedule, Mildred was forced to rely on precarious arrangements with neighbors for the care of her children. We were in the process of trying to resolve yet another difficulty when we received word that Mildred had lost her job due to unreliability.

For Teresa R., it's a slightly different story. Though she has been working at the same job for over a year, she has only just been raised to 3.50 an hour. Because her four (4) year old daughter suffers from numerous food allergies

and is often ill, Teresa is unable to place her on any of the available day care centers. Due to a bad experience in the past, Teresa is extremely wary of placing her child in an in-home care situation with vertual strangers. Her only other day care option was to place the child with an aging grandmother who is short on both patience and energy due to failing health. Though all parties concerned do their best to make it work, it is at best uncertain how long this arrangement can last. Teresa feels uneasy.

Until we are able to provide childcare either through employer related assistance or changes in State policy, Mildred, Teresa, and many other women (and children?) like them will be forced to remain outside the job market and on public assistance.

90-581 0 - 89 - 4

EMPLOYER-SUPPORTED CHILD CARE
Fact Sheet

EMPLOYER-SUPPORTED CHILD CARE—DOESN'T THAT MEAN MEGA-BUCKS AND HASSLE?
NO. Employer-Supported Child Care means any strategy that helps employees better balance work and family. It may be as simple as allowing use of sick leave for a child's illness. Some other options are:

- flexible personnel policies,
- child care information and education,
- flexible benefit plans or salary redirection,
- support of community child care services, or
- employer-sponsored child care.

Employer supported child care strengthens the work place and the family.

WHY WOULD I WANT TO MESS WITH THIS? MY EMPLOYEES DON'T COMPLAIN.
Employees who are parents of dependent children cost employers three percent more, on the average, than nonparent workers. This is due to lost time*, stress-related loss of productivity and increased turnover.

(*National and Oregon studies show employees miss 5-8 work days per year due to child care problems.)

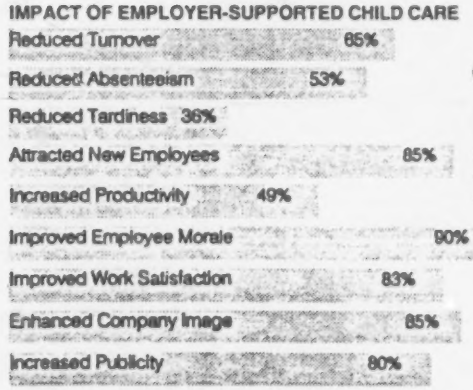
MY COMPANY IS (a) SMALL, (b) MOSTLY MEN, or (c) OLDER WORKERS. I DON'T SEE HOW THIS FITS US.
People experience stress as individuals, not groups. Most employees have families. Dependent care needs affect men as well as women. And workers use dependent care strategies to care for aged parents and handicapped children as well as the very young.

BUT I DON'T THINK I HAVE A PROBLEM.
Find out. Services for the New Work Force offers employee needs assessment with follow-up tailored to you.

SO I FIND OUT I SHOULD DO SOMETHING—WHERE DO I GO FROM THERE?
You want the highest management value out of whatever you do. You want strategies that meet your goals, your employees' needs, tap community resources and fill gaps in existing services. Services for the New Work Force provides consultation, technical assistance and resource referral to help you accomplish the best for your organization.

WILL THIS REALLY DO ANY GOOD?
A recent national study of 415 employer-supported child care programs confirmed: helping employees cope with their parental responsibilities does improve productivity! The results of the study were dramatic. Reduced turnover; reduced absenteeism; improvements in company image . . . . Here's what they discovered.

IMPACT OF EMPLOYER-SUPPORTED CHILD CARE



Oregon employers also report:

- reduced taxes,
- higher quality work force,
- reduced scheduling difficulties,
- less need to train new employees, and
- increased equal employment opportunities

Services for the New Work Force
Chemeketa Community College
4000 Lancaster Drive NE
PO Box 14007
Salem OR 97309
(503) 399-5271

Source: Burud, Aschbacher and McCrosky. *Employer Supported Child care: Investing in Human Resources*, Boston; Auburn House, 1984

OREGON RESTAURANT & HOSPITALITY ASSOCIATION

(Formerly Restaurants of Oregon Association)

AN ASSOCIATION OF FOOD SERVICE & HOSPITALITY PROFESSIONALS

TESTIMONY FOR FIELD HEARING ON CHILD CARE

FOR THE

SUBCOMMITTEE ON REGULATION AND BUSINESS OPPORTUNITIES

OF THE

COMMITTEE ON SMALL BUSINESS AFFAIRS

by **Elsie McFarland**

Owner
Caro Amico Pizzeria
3606 S.W. Barbur Blvd.
Portland, OR 97201

President
Oregon Restaurant and Hospitality Association

3/6/88

Testimony on Child Care **McFarland, E. (ORHA)**

Congressman Wyden, my name is Elsie McFarland. I am an owner of Caro Amico Pizzeria, 3606 S.W. Barbur Blvd., a small restaurant located in Portland, Oregon. Caro Amico's is a family owned dinner house, established in 1949, which is open six days a week. We presently employ twenty persons, full and part time, in my establishment. Our annual dollar volume is slightly under $500,000. As an owner-operator, I have been active in the business on a continuing basis for the last twelve or fifteen years.

This year, it is my pleasure to serve as President of the Oregon Restaurant and Hospitality Association. ORHA is a statewide foodservice and hospitality trade association representing our industry in Oregon. We represent the almost 4,500 eating and drinking establishment employers in Oregon, over 25% of which are dues-paying members of our Association.

Our Association originated in Portland over 50 years ago with four restaurateurs who saw the need to band together to assist the industry in Portland. We have evolved from a Portland based organization to our present statewide membership, over 50% of which is outside the Portland metropolitan/tri-county area.

We have a strong emphasis on education and information for our members and regularly provide scholarship assistance for members and potential members of the foodservice and hospitality industry. For example, our scholarship budget for 1987-88 is $15,000. We also host the Pacific Northwest Trade Show, every other year, which provides industry trends and information on products to attendees from eleven Western states and Canada. Our trade show and educational exposition has been identified as the having the largest trade show attendance in Oregon, with a four day gate of over 30,000, which certainly contributes to the local economy.

As a small, independent business owner, I am typical of our Association membership. Approximately 70% of ORHA establishments have less than one-half million in annual sales and are independently owned.

According to 1986 information, eating and drinking establishments paid approximately $470,000,000 ($469,711,898) in payroll to 73,633 workers in Oregon. Restaurants alone provided almost $440,000,000 of those payroll dollars. These figures do not include restaurants which are a part of hotels and motels in the state.

Statistics for 1984 tell us that 85% of those employed in our industry are classified as "service workers", with an overall industry average weekly wage in 1984 of $116.00. Service workers in the hotel/motel segment earned an average weekly wage of $141.00 for that same time period.

The "new hire" rate for our industry in Oregon, in 1984, was 173%. This is compared with current national figures of turnover percentages identified from 300 to 400%.

In 1985, our foodservice industry comprised a little over 8% of the total employment in Oregon. We are identified as one of the fastest growing retail industries in the state with an 15.51% growth rate projected between 1985 and 1993. The average employment growth rate for all of Oregon for that same time period is a little over 11%.

According to 1980 Census data for Oregon, of the (then) 61,000 persons employed in eating and drinking establishments, 47.3% were working full time. Females comprised 38,800 of the 61,000 workers, while 22,300 were male. Of the females employed, 42.5% worked full time.

Current state statistics tell us that of the 1,347,000 Oregon labor force in 1986, approximately 45% are female (611,000) age sixteen and over. In Oregon, 66.2% of the total available labor force, age sixteen and over, participate in the labor force. Labor force participation rate in 1986 for females is 58.1% and 74.7% for males. As a comparison, the 1975 labor force participation rate for females was 48.2% and 77.2% for males.

For every job in our industry, in Oregon, we create an additional .84 jobs in the community. For every dollar we, as employers, spend in the operation of our business in Oregon, we create an additional $2.18 of other income in the community. The foodservice industry is a significant segment of Oregon's third largest industry - tourism.

1988 average salaries (select occupations) in eating and drinking establishments in Oregon include $3.41 (plus tips) for servers/waitstaff; between $4.60 to $5.02 for dining room and cafeteria attendants and $6.31 per hour for cooks.

Yes, our industry does employ more females than males. We are historically the first job for many entry and re-entry persons in our workforce. We have long been the training ground for our youth and others new to the labor force in skills, work habits and work ethic.

In a recent survey of key leaders in our industry in Oregon, the general concensus indicated that from an employers' perspective, child care does not pose a significant obstacle to their employees. Those surveyed represent small, single shift operations to multi-unit, inter-state establishments operating two or more shifts daily.

One owner of a multi-unit operation indicated that employees generally resolved the issue of child care <u>before</u> entering the labor market. One independent owner of a multi-shift operation whose employees are generally in the mid-thirties, including some single parents, indicated that "at times" lack of day care had been a problem when a child was too ill to take to a baby-sitter or day care facility. The "absenteeism won't be reduced" unless the issue of the ill child is addressed.

One employer surveyed stated that the greater availability and affordability of adequate child care <u>could be</u> a possible marketing tool for recruiting potential employees in our industry. In a diminishing labor pool, accessible child care could make us more desirable as employers.

A single unit operator suggested that small businesses may be more aware of their employee's needs and more able to be flexible in scheduling around employees' taking extra time to care for their families.

A small sample of current and former employees in the foodservice industry presented a different picture. One indicated that their employer did not know there was a child care problem, for fear of loss of job. Another related the story of being told to "get a replacement" or "get another job" when he notified his employer that he needed to remain home with his two children who were ill. A couple of workers referred to the child care issue as one of those "silent problems" which no one (employers) asked about or which was considered to be the employee's sole responsibility.

On the national scene, we recognize the focus on family needs and child care. We recognize, especially where there is a labor shortage, that child care availability and affordability can be an enticement to employment. Some large restaurant companies are already involved in some type of child care programs, while others are planning programs for the future.

Major (large) foodservice industry corporation executives have been quoted in national publications stating that child care programs are "good business" and have reduced absenteeism, improved productivity and increased employee retention. Existing programs vary from basic referral systems to a range of care-giving options included in a "cafeteria-type" benefit programs and/or partly or totally subsidized services on or off the establishment premises. Some industry representatives have suggested employer-sponsored cooperatives bringing together smaller business owners in the industry in the operation of a child care facility.

In an industry which is already heavily regulated, any additional legislation requiring employer-provided child care would be met with strong opposition. However, it would be in the interest of our industry to look at employer incentives encouraging participation in a menu of child care options for employees.

Although, collectively, our industry is "big business", our individual establishments are "small business". Phrases like $2.5 billion and government regulated or subsidized programs deeply concern us, especially as we consider the federal deficit. We do not believe that the government should mandate specific benefits or impose child care programs. We do believe that employers can become more sensitive to and aware of employees family problems which impact on their work life.

I believe that our industry could support re-directed federal dollars (as opposed to new dollars) in much less ambitious proportions than the proposed $2.5 billion. These re-directed dollars would be used to expand the number of existing day care facilities; upgrade existing family-based child care situations and child care centers and encourage care-giving in a variety of settings from extended family members to sophisticated pre-school educational endeavors. A parent should have the choice of care facility.

Funding could involve both employer tax credits and other incentives for including child care as a benefit option and a voucher system or sliding fee scale for employed parents who pay for child care.

The administrative cost of providing child care or including child care in a benefit package should be minimal. Some employers related that the cost of the paper work to initiate child care as a benefit far outweighs any benefit to the employer who provides such a program. Other issues which need to be considered are overall insurance costs and liability insurance for employer provided care facilities or cooperatives.

The increasing need for adequate day care in Oregon and nationally is well documented. As this growth continues, our industry is becoming involved as a provider, to day care participants, of wholesome, nutritious food prepared and served under safe and sanitary conditions.

In summary, even those employers surveyed who indicated that child care was not a major problem in their establishment did indicate that available, accessible, affordable child care was a "good idea", but the demands upon the employer must be considered.

Thank you for the opportunity to address the issue of child care as it impacts on the foodservice industry in Oregon. I would be more than happy to respond to any questions.

Statement of Nita M. Brueggeman, Pacific Northwest Joint Board,
Amalgamated Clothing and Textile Workers Union

CHILDCARE TESTIMONY

ON HR925

Amalgamated Clothing and Textile Workers Union supports complete and swift passage of HR925. ACTWU members in the Pacific Northwest generally fit all current statistics as to who is working, the age of the child or children, the average income, and the costs of childcare.

I was a working mother with small pre-school, then school age children. Frankly, it was an uphill battle. Schools wouldn't allow my children to cross the street from their sitter to attend school, but instead required them to return to their district some six miles away. As a result, we were forced to leave their long-time care provider and move to another. The only childcare available in the district was private, in-home, unlicensed and expensive care. I three years my children had five or six different people caring for them. These private home sitters came and went on short notice.

With the continuing increase in child care needed as more and more women are forced to work to help support the family, our country can not do less than HR925.

I am currently aware of three situations regarding childcare that are frightening examples of why we must have childcare services in this country.

The first example is of a woman with three young boys, all in school part or full days, but needing before and after school childcare. Her income last year was nearly $13,000, due to working all the overtime possible. Her childcare for 1987 exceeded $3,000 of

her net income. How can any family headed by a female hope to escape poverty with childcare costs that exceed twenty-three percent of a net income.

Another example of a serious dilemma is a situation in which a local officer discovered that a non-english speaking member with a preschooler had serious economic problems. She was not eating for days at a time in order to provide food for her child. Her husband recently left her; and informed her that in the U.S. she had to pay him support. She has the child, but her husband doesn't work full time. She explained that she couldn't affort to pay a sitter and pay him support. He told her she would go to jail and take her child away. Consequently, she paid him and left her child home alone. She worried desperately every day, all day, until finally a union officer was made aware of the situation and we intervened to assist.

Finally, a member in a plant confided that she was afraid that her child was being abused by her childcare provider. She said her daughter is oftern bruised and has broken, at different times, both arms. She also said she didn't know what to do. She had tried to find other affordable child care, but was unable to find any that was within her range. Her husband had also recently left and pays no support. Additionally, he has attempted to steal the child and the one thing she is sure of is that the current provider will not let the child be taken. These stories are true, and are not very unusual, but are truly damning examples of our country's calus attitude about our children.

Our country too, must provide for funding low/moderate income families, improved licensing of childcare facilities and provide

referral and recource programs. Employers whose workers must quit because of expensive, or non-existent childcare, pay for training new workers because the previous ones leave.

Nita M. Brueggeman
Pacific Northwest
Joint Board
ACTWU
975 SE Sandy #108
Port. OR. 97214

Statement of Brenda K. Bowes March 1, 1988

TO WHOM IT MAY CONCERN:

The problem of parents with a "special needs" child trying to find adequate and affordable child care is indeed a serious one.

As the mother of a five year old, asthmatic child, I can well understand the frustration of not being able to enter the work force and help my husband in the financial burdens of our family.

There simply isn't a teenager available that has the skills and confidence to handle a situation in which a child can't breath, especially when an asthma attack is serious enough to require the assembly of her "Palmo-Aide" machine and the mixture of saline and Bronkosol medication she requires at given times.

Yet, the adult who is willing and capable of taking on such responsibility is a rare and costly find.

This makes it nearly impossible for the lower and middle class families to meet the everyday expenses of raising a family - in addition to the extra expense of medications and special apparatus necessary for children, such as my daughter, to lead productive and normal lives.

The "sink or swim" theorization is an all too true reality for those of us who have a lot to offer the work force, yet have no alternative but to remain at home with our ill children and worry about meeting our financial obligations! The emotional impact of such a struggle is tremendous!

Consider a person who is capable of staying calm in the event of emergencies, who successfully manages a household under constant stress and pressure, and thrives on six hours of sleep.

We are proud of the skills we have to offer employers, and frustrated at the inability to do so because of inadequate and rarely available child care for our children.

Sincerely,

Brenda K. Bowes

Concerned Women for America
370 L'ENFANT PROMENADE, S.W. SUITE 800 WASHINGTON, D.C. 20024 (202) 488-7000

Beverly LaHaye
President

June 8, 1988

The Honorable Norman Sisisky
Subcommittee on Exports, Trade and Special Problems
House Committee on Small Business
United States House of Representatives
Washington, D.C. 20515

Dear Mr. Sisisky:

Thank you for your willingness to hold public hearings on the vital issue of Child Care and Small Business. Considering the needs of our children is the crucial issue at hand in this vital debate.

Concerned Women for America is a national organization with representation in every district of the states and Puerto Rico. We would like to request that our two Policy Concern statements on the issue of child care be placed in the record for the hearing.

Enclosed are copies of these Policy Concern statements. Thank you for your consideration in this request.

Sincerely,

Beverly LaHaye
President

Concerned Women for America
Education & Legal Defense Foundation

Beverly LaHaye
President

POLICY CONCERNS

122 C Street, N.W., Suite 800 • Washington, D.C. 20001 • (202) 628-3014

THE "ACT FOR BETTER CHILD CARE" SOCIALIZATION OF OUR FUTURE GENERATIONS

I. INTRODUCTION

The "Act for Better Child Care Services of 1987" was introduced as S. 1885 in the Senate and H.R. 3660 in the House of Representatives.

The bill's proponents claim that it is designed to improve and expand child care in response to the needs of children in homes where both parents work and in homes with a single parent who works. To provide for this alleged growing need, the sponsors propose a massive Federal program, the expenditure of vast sums of taxpayer dollars, and the institutional secularization of our children all for the "betterment" of society.

The truth about this shrewdly-drafted legislation is that it is a devastating attempt to respond to the whims of special interest groups that desire the complete socialization of our society.

II. FLAWS OF S.1885 and H.R. 3660

Based Upon a Fabricated Shortage of Supply

Proponents of this legislation demonstrate the false need for child care by contrasting the growing number of mothers entering the workforce with the small increase in "licensed" facilities. Undoubtedly, mothers are entering the labor force at an increasing rate. According to the U.S. Census Bureau, only one fifth of married mothers with children under six participated in the paid labor force in 1960. Today, 35 percent of women with children under five are working full-time; with another 20 percent working part-time.

However, proponents of expansion in Federal support usually cite these statistics in contrast to the only slight increase in "licensed" centers. This contrast is inappropriate. Sandra L. Hofferth, health science administrator of the National Institute

of Child Health and Human Development, stated in a report before the Select Committee on Children, Youth, and Families that an estimated 94 percent of informal care centers are unlicensed and therefore not included in the trends of supply in day care. Since 85.2 percent of working mothers use the informal care settings not included in the statistics, the supply trend in relation to demand is skewed in the interest of those promoting this legislation.

The Myth of Economic Necessity

Realizing that it is only through federal subsidization that social parenting would expand to the degree necessary to challenge parental care as the dominant form of child care, the organizations advocating institutionalization began to harp on the economic necessity of women entering the workforce. The strategy behind the advancement of this argument is to promote the necessity of government subsidies for families desiring to become more economically self-sufficient.

In reality, families are in fact under less pressure today to earn two incomes than they were in the fifties. According to Fortune magazine, "In 1956, the average male head of household with a nonworking wife earned $4,833. Adjusting for 30 years of inflation, that's $22,000. The equivalent figure for 1986 was $25,803."

Contrary to assertions by the legislation's proponents, the American economy is at an all time high. From 1981 to 1986, real per capita disposable income rose 12.3 percent, or a little over 2.3 percent per year. The median family income for the same period rose 9.1 percent.

In addition, the rate of inflation has dropped from 13 percent in 1980 to four percent in 1987 and the rate of unemployment dropped from eight percent to 5.8 percent during the same period. The misery index, a means of measuring the effects of the economy on the purchasing power of families, also dropped considerably. In 1988, the misery index is less than 10 percent down from a high of 20 percent in 1980.

Faulty Premise

Senator Dodd (D-CT) and Congressman Kildee (D-MI) have introduced this legislation under the premise that expanded Federal involvement in the area of child care is the optimal solution to the alleged child care "crisis." They propose government-provided, licensed, and regulated care with only these facilities receiving federal funds.

The result of this underlying premise will be uniform, unisex, custodial care by government-trained professionals. The

similarities between this system and that of Sweden are striking. In Sweden, babies are taken from their parents a few months after birth and raised by day care professionals. The supposition is that family care is inferior to care by trained "experts." The Swedish government desires to raise children to value only the socialistic tenets of their society rather than risking moral "indoctrination" by parents.

The Dodd-Kildee program would offer the same to our children. Parental choice would be totally curtailed and parental involvement would be kept to a strict minimum. The counseling and guidance provisions in the bill open children up to liberal programs of indoctrination. These trained "experts" would be free to offer the guidance in value judgements that would normally be the responsibility of parents.

Discriminatory Provisions

The discriminatory measures this legislation would impose are beyond reproach. In fact, these provisions are so clearly discriminatory that certain members of the ABC alliance are calling for modifications.

Anti-Religious:

This legislation contains the most outrageously anti-religious provisions ever to appear in a bill. The advancement of strictly-controlled secular care is obvious throughout the legislation, but the drafters disdain for religion becomes most apparent in the provision prohibiting funds for sectarian activities with "sectarian activities" defined as those programs "promoting a particular religion or religion generally." According to the American Heritage Dictionary, sectarian is defined as "of a particular sect or sects." "Religion generally" is the direct antithesis of this definition. The use of these terms interchangeably indicates the lengths to which the proponents of this legislation will go to deter even the most casual mention of God.

The provision further prohibits services to be offered "in any classroom or other immediate space in which child care is provided unless all religious symbols and artifacts are covered or have been removed from such classroom or space." Therefore, all day-care programs offered in churches are exempt from any funding unless they are willing to hide or disguise any reference to God or their particular religion.

As if the above provisions had not "protected" the centers' secular activities enough, the drafters go one step further and prohibit any teacher or teacher's aide in a sectarian school from providing any services (paid or volunteer) to a center located on the premises of the sectarian institution.

This legislation also contains serious "Grove City" implications. Section 20(a) states, "Any financial assistance provided to a child care provider under this Act including a loan, grant, or child care certificate, shall constitute Federal financial assistance within the meaning of title VI of the Civil Rights Act of 1964 (42U.S.C. 2000d), title IX of the Education Amendments of 1972 (20 U.S.C. 1681, et seq.), the Rehabilitation Act of 1973 (29 U.S.C. 794), and the regulations promulgated under such." The significance of this provision can be expressed using the example of a religious university operating a day-care facility. The moment this university takes one Dodd-Kildee bill certificate from a low-income mother, the entire university becomes subject to the regulation and restriction of the above listed laws.

Discriminates Against In-home Care:

By not providing funds to parents that choose to raise their children, this bill not only discriminates against parental care but it, in effect, forces these couples to pay for the privilege of rearing their children. Current reports indicate that a two-income family already makes an average of $12,000 more each year than a single-income family. If the Dodd-Kildee legislation is enacted, the single-income family will be forced to shoulder a percentage of the burden of the two-wage family's child care expenses. The relative burden of these single-income parents will increase in relation to the burden of those parents that opt for government-regulated care. What could be more unjust and discriminatory? (Note: The $12,000 figure is derived by comparing the median income of married couples where the wife is employed with married couples where only the husband is employed.)

This type of discrimination will destroy the family unit the most basic structure of our society. It will encourage, if not force, mothers who would otherwise stay at home, to institutionalize their children and seek employment.

Eliminates Parental Choice Within Group Care Facilities:

The Dodd-Kildee bill seeks to create a monopoly of government-regulated care in two ways. First, it prohibits the use of certificates (provided for in the bill and issued by the State for parents to use as payment for child care) to centers that meet the licensing requirements of this bill. If parents choose to use the certificates then they forego the chance to choose the type of care. They will be forced to use the uniform, secular care of the licensed centers.

Secondly, it provides educational grants to those students that will commit to using their child-care training in a licensed facility. Therefore, the incentive for working in a private center will greatly decrease again limiting parental choice.

These two results of the legislation will eventually eliminate private care centers and curtail any semblance of parental choice. In essence, it will pave the way for government monopolization of this highly significant industry.

Fosters Government Dependency

It is indeed ironic that this bill purports to increasing the self-sufficiency of families when it actually fosters dependency. By becoming involved in the child care industry and eliminating private centers, the government is, in essence, taking the reponsibility of raising children away from parents. Just as welfare has encouraged the false assertion that the government owes people an income, this legislation will encourage the notion that the government is responsible for raising America's future generations. Child care will be considered a right to which every parent is entitled.

Creates an Incredible Bureaucracy

This legislation creates a new bureaucracy of incredible proportion authorizing $2.5 billion for the first year in addition to undisclosed amounts for succeeding years. Using a minimum of 25 percent of the allotted funds, the Department of Health and Human Services will create the position of "Administrator of Child Care" and allow for a generous support staff under this individual. It also creates and provides expenses for a National Advisory Committee on Child Care. This vast administrative branch will use the alotted funds for administration of this program, the development and implementation of regulations and the training of staff.

States may spend up to 10 percent of their alotted funds for administrative purposes. Each state's bureaucracy will increase dramatically with the establishment of two committees, the State Inter-Agency Committee and the State Advisory Committee on Licensing.

The money that is authorized for administrative purposes, not the commitment to children, is what encourages the mounting interests of many of the members of the Alliance for Better Child Care. In assisting in the development and implementation of regulations and the training of staff, many of these organizations stand to benefit financially from this legislation. In fact, the provisions regarding state implementation are so open-ended that an independent child advocacy group could oversee the entire application of the state program.

Low Per-Child Benefit

The use of these funds for the creation of a bureaucracy lowers considerably the per-child benefit. Despite the massive

amount of money authorized for this expansion, the per-child benefit averages only perhaps $700 per child. The cost of child care varies regionally but the average cost is approximately $3000. (Keep in mind that this benefit is not in the form of cash to the family but a certificate that supposedly reduces the fees paid.)

In reality, the per-child benefit to families is more in the neighborhood of zero when you consider that the increase in the per-child cost of care induced by this legislation will cancel out the reduction in fees provided for in the certificates.

Addresses the Needs of a Small Clientele

This legislation benefits a minority of employed mothers seeking child-care arrangements. The most recent reports from the U.S. Census Bureau indicate that only 14.8 percent of employed mothers use group care settings. The other 85.2 percent choose informal care either by family members or friends in the child's home or the home of another. While some would claim that these statistics are not in direct correlation with preference, it is by no means bold to assume that preference in the type and quality of care is indeed represented in these parents' choices.

III. THE ADVERSE EFFECTS OF DAY CARE

In the quest to placate certain special interest groups, the proponents of this legislation have abandoned the interests of our most vulnerable Americans. For quite some time, research on the effects of day care received very little attention. Today, extensive research has raised grave concerns regarding the medical, social, and psychological risks of group care but a coalition of day care professionals, feminists, and socialists have continued to evade and suppress the results.

Health Concerns

Group day-care centers have been described as virtual transmission centers for hepatitus, severe diarrhea, and other infectious diseases. The Wall Street Journal cites a 1982 study which refers to group centers as "significant reservoirs of infectious diseases."

The most shocking discovery is that day care may be linked to birth defects. Research has uncovered the fact that Cytomegalovirus (CMV), virtually harmless to men, children, and nonpregnant women, can cause birth defects if contracted by pregnant women. This virus, readily transmitted in day care centers, can affect the hearing, vision, brain development, and neuromuscular function of the unborn. The New England Journal of Medicine recently reported that a team from the University of Alabama at Birmingham found that "59 percent of the day-care

children examined were shedding CMV and that CMV was found on toys used in the day-care center." Further antibody tests indicated that the cumulative infection rate of the day-care children examined was between 70 and 100 percent.

In 1984, The Journal of the American Medical Association reported a study of the disease Hemophilus Influenza Type B, a potential forerunner of childhood meningitis, epiglottis, pneumonia, arthritis, and blood and skin infections, which found that day-care children were 12 times more likely to contract the disease than children cared for in the home. A Colorado study by Dr. Gregory Istre, Oklahoma's state epidemiologist, indicated that the risk doubles when children are placed in day-care facilities.

The chance of hepatitus breaking out in a day care center over the course of a year is between one and three percent. The risk doubles if diapered babies are present. Dr. Stephen Hadler, chief epidemiologist of the hepatitus branch for the Centers for Disease Control stated, "Fifteen percent of all infectious hepatitus cases in the U.S. are acquired through a day-care facility."

The risk of contracting diarrhea increases 30 percent when children are placed in day-care centers. A study of an Atlanta facility by epidemiologists from the Centers for Disease Control found that more than 50 percent of the toddlers present were infected with a diarrhea-causing bacteria called Giardia Lambia. The rate for similar children in maternal care was two percent.

Psychological and Social Risks

John Bowlby was one of the first to study the separation anxiety of children. He engaged in the psycho-analytic treatment of both children and adults and obtained three classes of evidence: (1) direct observation of the mental and emotional development of children during a term of separation from their parents; (2) studies of the histories of adolescents and adults who have developed some type of mental illness; and (3) studies which follow-up children that have experienced separation. After reviewing the data, Bowlby concluded, "They [the studies] make it plain that, when deprived of maternal care, the child's development is almost always retarded physically, intellectually, and socially...."

Bowlby also studied 800 Canadian children and concluded that "events in the child's life that caused separation from one or both parents and a mental environment which gave the child a feeling that normal love and affection were lacking, did far more to damage growth than did disease...."

Dr. Edward Levine, retired professor of social psychology at

Loyola University, states, "Parents, especially mothers during their children's early years, are crucial in assisting their children to internalize those values that are integral for the formation of self-discipline a sound conscience or character. If evaluated by the standard of children's mental health, day- care is detrimental to children's emotional well-being."

William and Wendy Dreskin founded and managed a quality day-care facility for three years. After observing the separation anxiety experienced by the children for which they cared, the Dreskins conclude, "Full-time day care, particularly group care, is not an adequate substitute for time spent with parents, and can be especially harmful for children under the age of three." The Dreskins' extreme concern for the well-being of the children in their center prompted them to shut it down.

Dr. Humberto Nagera, in his studies of childhood psychopathology found that environmental stimulation such as mother-child interaction is crucial in brain development by increasing the complexity of the pathways in the brain, stimulating the continued vascularization (amount of oxygen available to the organ), and favoring the process of myelinization (sheathing of nerve fibers).

The degree of change in the pathways of the brain (i.e. complexity) directly affects the functional capabilities and possibilities of the brain. Tests prove that stimulation is critical in this morphological process. Nagera concludes, "Possibly then, life, as is bound to happen in a day-care center situation, may well lead to an inferior quality of brain structure (fewer connections and fewer functional pathways)." It is also important to note that this process can only take place for a limited time after birth and cannot be brought about at a later date.

The process of vascularization is also unfinished at birth. In comparative species studies, the excellence of a certain function was directly related to the degree of vascularization of the area of the brain governing that function. Therefore, since the degree of vascularization directly corresponds with the amount of external stimulation, the lack of stimulation may affect the quality of performance in certain functional capabilities later in life.

Comparative species studies have also found that the sheathing of nerve fibers is directly related to functional capability. Nagera states, "Even after the fetal stage, environmental stimulation (or lack thereof) can modify developing structure in the central nervous system."

Nagera cites numerous studies that demonstrate the effects of maternal deprivation on a child's intellectual capabilities,

personality, and social interaction. He concludes, "Clearly, no sensible society can afford to damage hundreds of thousands of its children by mass-producing and officially condoning, institutionalizing and supporting child-rearing practices known to produce such disastrous results."

IV. THE PROPONENTS' TRUE AGENDA

Discussion of the basic flaws and potential effects of this legislation uncovers the proponents true agenda. Ranging from the bill's foundation on a fabricated need to its detrimental effects on the family unit, it becomes obvious that the objective of this legislation is not to benefit children but instead use them as mere pawns in the proponents' artful strategy to move us toward a more socialistic society.

Child Care's Link to Feminism

The Declaration of Feminism states, "...the fact that children are raised in families means there's no equality ... in order to raise children with equality we must take them away from families and communally raise them."

For the first 180 years of our country, the responsibility for raising children was considered to be the family's. It was not until the 1920's that "professionals" in the field of sociology began to claim that the family was unable to fulfill its responsibility and therefore "experts" would have to step in and assist. The claims by these so-called professionals opened the care of our children to a vast amount of speculation.

In reality, this move was not a reaction to a need but rather the first attempts at taking children away from parents and placing them in an environment conducive to developing independent moral standards and values. Then-prominent social psychologist George Mead stated, "Gender-free, noncompetitive playthings properly presented in a day-care center, could produce a new generation of children, trained to be independent in their moral judgements yet cooperative in their social activities."

In 1930, The White House Conference on Children publicly espoused the judgements of these experts and issued a statement saying, "If the grouping of little children for a few hours each day for educational activities and for habit-training through nursery schools is found to be desirable in itself, then this service should be extended on behalf of children generally, regardless of the economic status of the family."

Day care centers sprang up throughout the country and organizations rushed to provide funding. Credibility for social parenting had been established.

The next 30 years witnessed the increase of Federal intervention in child care to meet the demands of national emergencies. World War II initiated an increase in child care to meet the demands of those mothers who entered the labor forces of defense factories. But the end of the war brought an end to any programs that had been established. The role of parenting was returned to the family. However, the precedent of social parenting had been set.

The early 1960s witnessed the next shift in ideas regarding motherhood. Again,"experts," using faulty logic and distorted facts, belittled the mother's role in a child's emotional development. The speculation these arguments created was immediately seized and used by the radical feminists gaining prominence during the late 1960s to alter the child-care issue and make it an issue of "equality."

Feminists claimed that motherhood oppressed women and that true equality would never be reached until women were removed from this responsibility. In order to remove women from this oppressive role, the feminist movement revived the devastating precedent of "social parenting." They committed themselves to convincing the American public that the government bears the ultimate responsibility for raising the nation's future generations.

At the National Organization for Women's national convention in 1970, the organization declared, "Child care must become a political priority," and called for the establishment of a coalition "to exert pressure on the power structure of labor, industry and government to immediately make available facilities, funds, etc. and to grant tax deductions for quality child care."

Betty Friedan, a prominent leader in the women's liberation movement, used her book, The Feminine Mystique, to communicate the idea that women must leave the home and seek a position in the work force to discover their true identity. Friedan argued, "By choosing femininity over the painful growth to full identity, by never achieving the hard-core of self that comes not from fantasy but from mastering reality, these girls are doomed to suffer ultimately that bored, diffused feeling of purposelessness, non-existence, non-involvement with the world that can be called 'anomie', or lack of identity or merely felt as the problem that has no name." Of course, Friedan's solution to work outside the home was not generated out of her care for this "doomed" generation of young girls but was generated from her desire to break the bonds of the nuclear family. In 1981, prominent feminist author Vivian Gornick echoed Friedan's sentiments when she wrote, "Being a housewife is an illegitimate profession...the choice to serve and be protected and plan towards being a family-maker is a choice that shouldn't be. The heart of radical feminism is to change that."

The feminists' commitment to federal care as the dominant form of child care grows stronger with each passing year. In fact, the National Organization for Women (NOW) passed the following resolution at its 1986 national conference: "BE IT RESOLVED that: NOW supports full public funding of early childhood education/child care starting in infancy and continuing through primary and secondary school in a variety of child care arrangements."

Feminism and Socialism: One In the Same

Clearly, not all of the proponents of this legislation would label themselves feminists but the fact remains that the feminist movement and the movement toward a more socialistic society are one in the same. Both movements espouse the basic philosophies of humanism in which, as prominent feminist Gloria Steinam phrased it, "children are raised to believe in human potential not God." The Humanist Manifesto states, "At the present juncture of history, commitment to all humankind is the highest commitment of which we are capable; it transcends the narrow allegiances of church, state, party, class, or race in moving toward a wider vision of human potentiality."

Marx wrote, "Social progress can be measured with precision by the social position of the female sex." Lenin wrote, "It is impossible to win the masses for politics, unless we include the women.... We must win the millions of working women in city and village for our cause, for our struggle, and in particular, for the communistic transformation of society. Without the women there can be no true mass movement."

The socialists' desire for the abolition of private property and the communalization of the means of production goes hand in hand with the feminists' desire to create a collectivist society that recognizes no individuals and undermines the family unit. Marx and Engels, in the Communist Manifesto stated, "On what foundation is the present family, the bourgeois family, based? On capital gain, on private gain. In its completely developed form this family exists only among the bourgeoisie. But this state of things finds its complement in the practical absence of the family among the proletarians, and in public prostitution. The bourgeois family will vanish as a matter of course, when its complement vanishes, and both will vanish with the vanishing of capital."

The proponents of this legislation expose their true objectives in the numerous references this legislation makes to the training of "productive workers." In fact, Marilyn Smith, executive director of the National Association for the Education of Young Children, a member of the Alliance for Better Child Care, states, "A wide variety of groups including the Council on Economic Development are calling for investment in high quality

early childhood programs as an integral part of a strategy to prepare the next generation of workers."

In essence, the government's acceptance of the primary responsibility in child care would greatly enhance the move toward a proletarian society. The family unit would be dissolved and these child-care centers would be free to serve as vehicles in the socialization of future generations with acceptance of their newly created roles as unisex and valueless automatons. The socialists' battle would be won with the introduction of these "licensed indoctrination" centers.

V. CONCLUSION

Concerned Women for America sympathizes with the mothers today that have no choice but to work. However, the "Act for Better Child Care" and its licensed centers are not a solution for those parents struggling to provide a healthy, positive environment for their children. In fact, placement in these centers would sacrifice the quality of life for a child.

In evaluating future legislation, it is important to remember that the solution need not emanate from Washington. Beware of mushrooming entitlement programs that would benefit only a small constituency at the expense of our children and/or private sector alternatives.

Above all, responsible legislation must recognize our children for what they are the future of America. If America is to continue to exist as we know it, responsibility for instilling morals and values must remain within the family. The freedom we enjoy in this nation depends upon our renewed commitment to this God-ordained institution.

NOTE: CWA is currently considering two pieces of alternative legislation. Each of these bills, one introduced by Representative Clyde Holloway (R-LA) and the other by Representative Richard Schulze (R-PA), involves reform of the current child and dependent care tax credit to include a credit for all children under mandatory school age. Both bills are based upon sound principles and channel support directly to the family rather than federal and state bureaucracies and child-care providers. Further information regarding these two bills will be available in the near future.

Concerned Women for America
Education & Legal Defense Foundation

Legislative
Research Center

POSITION REPORT

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GIVING CREDIT WHERE CREDIT IS DUE
TWO PRO-FAMILY ALTERNATIVES

I. INTRODUCTION

Since the introduction of the "Act for Better Child Care," the controversy surrounding the child-care issue has centered on an alleged child-care "crisis." For months, this fabricated "crisis" was perpetuated by legislators, special interest groups, and the liberal media with virtually no questions asked.

Fortunately, the advocates of government-regulated care have finally met with some opposition. After exhaustive study of this issue, the "crisis" myth has been exposed. No child-care crisis ever existed. It was simply a ploy.

Experts now realize that if any crisis exists today, it is in the discriminatory nature of our tax code in providing relief to families with children.

Two pieces of legislation, now before Congress, admirably address this discrimination. Representative Clyde Holloway (R-LA) has introduced his child care tax credit reform bill as H.R. 3944 (with companion bill S. 2187 introduced by Senator Malcolm Wallop (R-WY). The other piece of legislation, the "Toddler Tax Credit," was introduced by Representative Richard Schulze (R-PA) as H.R. 4434.

II. LEGISLATION

Holloway -- H.R. 3944

The Holloway bill will reform the current child care tax credit to provide tax credits (applied against the federal income tax) to all families with pre-school age children. The credit varies from about $400 per eligible child in families with an adjusted gross income of less than $18,000 to $150 per eligible child in families with an adjusted gross income of more than $30,000. For those families whose tax liability exceeds their income, the credit is refundable from the amount paid during the year in Social Security taxes.

Families who wish to distribute the cash benefit throughout the year will fill out a W-5 form to reduce the cash withheld from each paycheck.

The cost for the Holloway bill will be $600 million in addition to the $3.7 billion currently allotted in the discriminatory child care tax credit.

Schulze -- H.R. 4434

The Schulze bill provides a tax credit of $750 for each child under six to families with adjusted gross incomes over $13,000. These tax credits will be applied against federal income and social security taxes. For those families whose tax credits exceed tax liabilities, the balance will be refunded in cash.

For families with incomes of less than $8,000 per year, this bill will provide for a cash refundable "earned income tax credit for young children" (EITC/YC). This EITC/YC will be in the form of a wage supplement of $15 for each $100 earned by the parent for the first child under 6. A wage supplement of $10 for each $100 earned will be paid for each additional child under 6.

Those families that earn between $8,000 and $13,000 will receive a reduced EITC/YC rate per child. For each child under 6, the rate will be 5.75 percent of each $100 earned.

This "Toddler Tax Credit" will replace the existing dependent care credit for children under six. It will also limit eligibility for the EITC/YC to families with working parents. Families in the Aid to Families with Dependent Children program will not be eligible.

A phase-in period of five years is planned for this legislation. It will cost approximately $300 million for the first three years and provide tax cuts totaling approximately $2.2 billion. By the fifth year, tax relief for families with young children will exceed $7 billion per year. Provisions also provide for indexing against inflation of the tax credits and the income levels used in determining the EITC/YC after the fifth year.

III. BENEFITS OF THESE LEGISLATIVE PROPOSALS

These two legislative proposals are superior to any of the other pending legislation for numerous reasons.

Reforms in the Current Child Care Credit

The current child care tax credit provides benefits to only those families where both parents are employed. Each of these

bills eliminates the discriminatory child care portion of the current child and dependent care tax credit.

Benefits a reater Number of Children

These proposals provide tax benefits to all families with young children rather than channeling benefits to the children of employed parents only. H.R. 3944 and H.R. 4434 will benefit 20 million and 18 million children respectively rather than the estimated 10 million children that benefit from the current tax credit and the 700,000 children that will benefit from the ABC bill.

No Religious Discrimination

Neither of these bills would provide for any government restriction or intervention in church-based, day-care centers.

No discrimination against In-home or Informal Care

H.R. 3944 and H.R. 4434 benefit all families regardless of the employment status of the mother or the care choices of the parents. The current child care tax credit only provides tax benefits if the mother is in the paid labor force. The ABC bill discriminates against care in the home by a parent or relative and informal care by a non-relative by providing benefits to only those families that place their children in a prescribed type of federal care.

Increases Parental Choice

These proposals offer greater parental choice as to the type of care by directly increasing purchasing power. Under either of these legislative packages, parents will be provided greater means with which to afford the type of care that best meets the needs of their family. The ABC bill limits parental choice by providing benefits for only one type of care.

Primary Responsibility for Care Remains within the Family

Other legislative proposals pending before Congress assume that children would be much better off in the hands of government-trained "experts." For this reason, these destructive proposals use certificates that are only redeemable at government-regulated centers. The Holloway and Schulze bills channel the benefits directly to the family, leaving parents with the responsibility for the type of care.

No Bureaucracy

Neither the Holloway nor the Schulze bill provide for any [illegible] Page 4

government. All other day-care bills now before Congress would increase the size, power and expenses of the Federal goverment. (Note: Licensing responsibilities would be left at the state level where they belong).

Higher Per-Child Benefit

Since the Holloway and Schulze bills do not provide for the administrative expenses of a new bureaucracy, the per-child benefit offered in each of these bills is significantly higher. The Holloway bill allots $150 to $400 per child. The Schulze bill allots $750 per child. As written, the ABC bill appears to provide as much as $750 per child but the outlays for administrative costs make this impossible. In reality, it would offer no real per-child benefit since the cost increases induced by this legislation would cancel out the minimal benefits provided for in the certificates.

IV. BASED UPON SOLID PRO-FAMILY PRINCIPLES

In sharp contrast to the "Act for Better Child Care" and the current child care tax credit, these legislative packages are clearly pro-family. Each eliminates the anti-family bias of the current child care tax credit and provides a means with which the family can continue to perform its traditional functions.

Likewise, each bill strengthens parental rights rather than eroding them with government intervention. These proposals clearly convey the message that the primary responsibility for children rests and should continue to rest within the family.

At a time when the federal government is attempting to invade every aspect of our lives, these bills take a stand for freedom from oppressive intervention. Each proposal returns government to its role of supporting the independent family unit rather than undermining its authority.

V. CONCLUSION

The current discriminatory tax provisions which threaten the stability of the family must be eliminated. The spiritual and emotional development of our future generations depends upon our commitment to this task.

America's children must learn the importance of individual responsibility but they will never learn if we do not support legislation which provides for personal responsibility rather than dependence upon governmental regulation.

For the sake of our children and our nation's freedom, the American family must fight for and maintain its independence from governmental intervention.

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